

# FINANCIAL TIMES

Reagan's commitment to Central America, Page 18

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## NEWS SUMMARY

### GENERAL

#### Poles on alert for May Day clashes

Polish authorities yesterday mobilised extra police, set up summary courts to try demonstrators and banned the sale of alcohol in preparation for May Day protests called for by Solidarity.

Underground leaders of the outlawed trade union flooded city streets and factories with leaflets calling for a boycott of the Communist ceremonies and urging Poles to take part in counter-demonstrations and attend church services in support of political prisoners. Earlier story, Page 3

### BUSINESS

#### London up 2.1 to record 910.1

LONDON: leading shares were quieter after last week's surge, but secondary issues found selective support, contributing to a firm showing. The FT Industrial Ordinary index rose 2.1 more to 910.1, a record. Report, Page 37; FT share information service, Pages 38-39

WALL STREET: Dow Jones index closed up 1.88 at 1,170.75. Report, Page 33; Full share listings, Pages 34-36; Leading prices, other exchanges, Page 36

TOKYO markets were closed for the emperor's birthday.

### Lebanon's Cabinet

New Lebanese Premier Rashid Karami named a 10-man Cabinet, including Moslem leaders Walid Jumblatt and Nabih Berri and Christian leaders Camille Chamoun and Pierre Gemayel.

### Taiwan obstacle

President Reagan said he was confident his visit to China had strengthened ties but acknowledged that the countries' differences over Taiwan could delay progress. Remarks defended, Page 3

### Socialist setback

Catalonian election results set back the ruling Socialist Party and enhanced prospects for new centre-right moves in Spanish politics. Page 2

### Israeli terror probe

Israeli security forces are trying to find the full extent of the Jewish terrorist underground in the occupied West Bank and Golan Heights, after the attempted bombing of Arab buses on Friday. Page 4

### Arafat eyes Cairo

Palestinian leader Yasser Arafat said he hoped Egypt would let him move the PLO headquarters from Tunis to Cairo.

### Punjab shooting

Former Punjab senior police officer Bachan Singh was killed by Sikh gunmen in an Amritsar street. It was the fifth attempt on his life. Page 4

### Mountaineers die

French mountaineers Philippe Dumas and Patrick Togliatti were killed in an avalanche on Mt Annapurna I in the Himalayas, and Briton Nicholas Sooley was badly hurt while climbing Mt Kang Guru, Nepal. Page 8

### Swiss land curbs

The result of a referendum this month is expected to make it much harder for foreigners to buy non-commercial property in Switzerland. Page 20

### Forty feared dead

More than 40 were feared dead after a lorry plunged into the Mpologoma River 80 miles east of Kampala, Uganda.

### Embassy search

London bomb squad police began searching the Libyan embassy after the departure of its staff. Libyan leader Muammar Gaddafi said he would open formal relations with the Irish Republican Army unless Britain restored diplomatic relations.

### U.S. rejoins study

The U.S. withdrew its objections to participating in an important Nato arms project, for an eight-nation frigate after protests by European governments. Page 20

## Leading indicators in U.S. show first fall in 19 months

BY STEWART FLEMING IN WASHINGTON

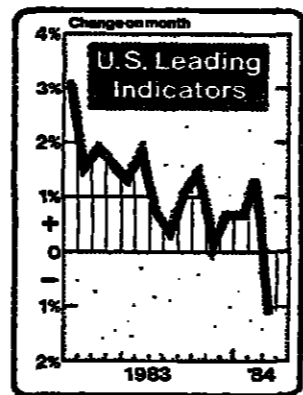
THE U.S. composite index of leading economic indicators dropped 1.1 per cent in March, the Commerce Department reported yesterday. The fall, the first in 19 months, will reinforce expectations that the economy is slowing from the 8.3 per cent annual rate of increase recorded in the first quarter of the year.

Reagan Administration officials, who a few weeks ago were saying that the economy was not "overheating," quickly dismissed the suggestion that the March decline showed a serious slowdown in the performance of the economy.

Mr Malcolm Baldrige, Commerce Department Secretary, said the decline "exaggerates the extent of the slowdown in economic growth." Rapid first-quarter expansion and a "more moderate pace" in the second quarter should be averaged to gain the true picture of economic conditions, he said.

Unusually bad weather in March may have contributed to the indicators' decline.

Among private economists there is widespread agreement that the second quarter will see a significant



slowdown as they did in March, are not a reliable guide to the future. If February's revised increase of 1.3 per cent and the March downturn in the index are averaged, there is no strong downward trend in the index, officials say.

"From this point on, people should expect occasional setbacks in this index, even though the economy continues to grow," Mr Robert Orner, the Commerce Department's chief economist, said yesterday.

Private economists cite several factors as likely to contribute to a slowdown in the pace of the economic expansion in the second quarter.

Inventory accumulation, which accounted for half the first-quarter real growth, is expected to slow in both the farm and corporate sectors. There is some evidence that the pace of retail sales has eased.

The pace of housing starts is expected to slacken and the car industry is expected to cut production during the second quarter. Some economists have estimated that this

Continued on Page 20

## UK deficit on manufactured goods surges

BY MAX WILKINSON IN LONDON

BRITAIN'S balance of trade in manufactured goods deteriorated sharply in the first three months of the year, although this was offset by a record surplus in oil trade, according to official figures out yesterday.

They showed that in the first three months of the year, imports were £1.46bn (\$2.04bn) higher than exports on an overseas trade statistics basis.

This was 14 per cent higher than the adverse balance of trade in the final quarter of last year and 24 per cent above the equivalent year earlier figure.

Although the overseas trade basis shows a rather higher deficit than on the balance of payments basis (not yet available for the first quarter), the trend is beginning to give the Government considerable anxiety.

This was reflected in the recent speech by Mr Nigel Lawson, Chancellor of the Exchequer, who said that manufacturing trade would have to fill the gap when Britain's oil reserves started to run down from next year onwards.

Britain had been a net exporter of manufactured goods for more than a century until last year when

it became a substantial importer of manufactured goods.

In recent months, however, the surplus earned on oil trade has been running at the rate of about £770m per month, matched by a deficit of about the same amount on trade in non-oil goods.

Yesterday's figures showed the current account balance of payments to have been an estimated £770m in surplus in the first quarter of the year, made up of a very small surplus of £23m for visible trade and an estimated surplus of £750m on invisible trade.

The recent trend appears, however, to have been an increase in the volume of exports of goods other than oil, with a rise of 1½ per cent in the first quarter of this year compared with the previous quarter.

Non-oil imports have also been rising, with a 4½ per cent increase in volume in the first quarter of the year, compared with the previous quarter.

Imports have been rising steadily during the recovery in domestic demand and the volume of non-oil imports in the first quarter of this year was nearly 12 per cent higher than a year earlier.

## Gibbons may try again for stamp of approval

By William Dawkins in London

STANLEY GIBBONS, the troubled stamp dealer which was refused permission to join London's Unlisted Securities Market (USM) earlier this month, may try again for a quotation in August or September.

Ionian Securities, a London issuer of securities, has re-opened Stanley Gibbons' route to the USM by offering the 37 per cent stake held by Clive Feigenbaum, its former chairman. Mr Feigenbaum resigned three weeks ago after allegations of his earlier business activities.

Ionian bought Mr Feigenbaum's shares for £5.2m against their £4m value at the time of the abortive float.

The company will wait until its next set of results for the year to June 30 - before applying for a USM quotation. Mr Michael Berbens, Ionian's chairman, it was impossible to say whether Stanley Gibbons would meet its pre-tax profit of £910,000 to £1.1m since it would be trading without the benefit of the £1.5m it had expected to raise from coming to the market.

Stanley Gibbons was taken over by Letraset in 1979, which in turn was taken over by the Swedish group Esselte. Under Letraset ownership, the company saw record profits of £2.2m turn into losses of £4.2m as Letraset pushed the stamp business into other areas like antique maps, coins and medals, and opened a New York office.

Soon after Esselte moved in, Stanley Gibbons was put on the market, and its management, led by Mr David Stokes, managing director, staged a buyout, which was completed in June 1982 at a cost of about £11m.

The company then decided to concentrate once again on philately, preserving its rare stamp business and moving into post World War II collections. It also developed a publications business, selling catalogues and other books on stamps.

Mr Feigenbaum, who became chairman in January at a salary of £45,000, has sold his shares to Ionian for 74.0p each, and the issuing house placed most of his stake with 20 UK institutions for 70p a share. It retained £300,000 worth of equity, a 5.6 per cent stake in the company. Ionian estimates that it has made net profits of about £80,000 out of the deal.

"The price reflects that it is an unquoted company. There is one

Continued on Page 20

## Doubts on recovery fail to curb dollar's rise

BY OUR ECONOMICS CORRESPONDENT IN LONDON

THE DOLLAR continued to strengthen in Europe yesterday despite figures suggesting that the U.S. trade balance is worsening and that the economic recovery may be running out of steam.

The dollar rose to its highest level since mid-February against the D-Mark at DM 2.719 compared with DM 2.708 at Friday's London close.

Dealers said continuing pessimism about the direction of U.S. interest rates had underpinned the foreign exchange markets with considerable buying of dollars by the corporate sector.

Nervousness about the future trend of interest rates was also reflected in the London gilt-edged securities market, where price of long-dated stock eased by about ½ point.

The strength of the dollar in London particularly reflected the fact that the announcement of a U.S. current account deficit of \$10.3bn for March appeared to have no depressing effect on the currency in New York on Friday.

The market also took yesterday's announcement of a 1.1 per cent fall in the U.S. economic leading indicators in its stride. This was the first decline since August 1982, and comes at a time when many commentators are predicting a slowing of the pace of U.S. growth this year. This might be expected to ease pressure on the credit market and therefore to help interest rates.

with China for the latter to store West German nuclear waste.

Last February it emerged that China had offered to permanently dispose of spent radioactive fuel from Europe, and that it had signed a letter of intent for three West German companies to act as agents.

Bonn officials emphasised last night that the West German Government was sticking to plans to store such fuel within the country, at the Gorleben site, close to East Germany.

The new agreement between the two governments' crown negotiators begun in December 1982. It is also the latest in a line of accords strengthening economic co-operation between them - notably in the space and satellite sectors.

West German N-site blockaded, Page 2; China's economy grows, Page 3; Editorial comment, Page 18.

Money markets, Page 42

## Germany approves N-deal with China

BY RUPERT CORNWELL IN BONN

THE BONN Government yesterday approved an atomic energy co-operation agreement with China, which it hopes could pave the way for participation by West German suppliers in Peking's civil nuclear programme.

The deal, similar in some respects to that signed by President Ronald Reagan during his visit to China, will be formally signed during next week's visit to Bonn by Li Peng, the Chinese deputy premier.

The pound appeared not to react to yesterday's trade figures which showed a very small current account surplus for March of £13m, down from £19m. However, the figures have been very erratic recently, and it appears that the market has been focussing much more on the dollar and U.S. interest rates.

Germany

## Banca del Lavoro plans share issue

BY ALAN FRIEDMAN IN MILAN

BANCA NAZIONALE del Lavoro (BNL), Italy's largest state-controlled bank, is planning to offer up to 1,300bn (\$178m) of shares to the public through a new quotation on the Milan bourse.

Dr Nerio Nesi, chairman of BNL, said the bank planned to float shares "before the end of this year." At present the Italian Government, through the Treasury, controls 86 per cent of the bank.

Analysts in Milan were sceptical yesterday that the bourse could absorb a new issue of shares as large as the one mentioned by Dr Nesi. The actual issue, when it is introduced, is expected to be smaller.

BNL's eventual goal is to privatise around 50 per cent of the shares, bringing the state holding down to around 55 per cent. The new shares would be non-voting and the state would still retain majority control.

None the less, Dr Nesi's announcement, made at the bank's annual meeting in Rome, comes only a few weeks after news of other major Italian privatisation plans.

Last month Italy's giant IRI state holding group said it planned to of-

fer shares in 12 of its companies, both on the Milan bourse and to foreign investors. In March, the ENI state energy group said it would float 20 per cent of Saipem, the oil and gas pipelaying and drilling company. The BNL quotation, although likely to take longer than Dr Nesi hopes, marks another step in the process of privatising several Italian state-controlled companies.

Last year BNL recorded virtually unchanged net profits of £20.3bn. The bank's total deposits at year-end were £2,357bn, up from £1,850bn in 1982. The BNL balance sheet total last year was £59,700bn, against £55,200bn the year before.

Banco di Napoli, the Naples-based state-controlled bank, has reported a 1983 net profit of £2.5bn against £1.1bn the previous year.

The Agnelli family, which through its IFI holding company controls Fiat, has moved swiftly to replace the board of La Rinascente, the leading retail group of which it recently took control.

La Rinascente announced last night that 10 of its 15 board members had been replaced, of which

Continued on Page 20

## UK banks' credit ratings cut

By William Hall in New York

BARCLAYS BANK and National Westminster Bank, Britain's two largest banks, have been removed from the list of less than a dozen international banks whose long-term debt is rated AAA, the premier rating by Standard & Poor's, the U.S. credit rating agency.

Standard & Poor's announced yesterday that it had downgraded the long-term debt of three of the four major clearing banks because it believes the recent changes in the tax treatment of the UK banks' leasing business will have a "significant" negative impact on the banks' capital ratios.

The long-term debt ratings of Barclays Bank, Barclays Bank International and National Westminster Bank have been lowered to AA-plus from AAA.

Midland Bank's long-term debt rating was lowered from AA to AA-minus and its U.S. subsidiary, Crocker National Bank, had its rating lowered from A-plus to A. Lloyds Bank was excluded because it has never applied to the U.S.

Continued on Page 20

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## EUROPEAN NEWS

## SETBACK FOR SOCIALISTS IN CATALONIA

## Poll gives lift to Spain's centre-right

BY DAVID WHITE IN MADRID

PROSPECTS for new centre-right initiatives in Spanish politics have been significantly enhanced by the outcome of Sunday's election in Catalonia. It brought a surprisingly comfortable walkover by the region's governing party, Convergencia i Unió, and setbacks for all the others. These included the nation's ruling Socialists but also, perhaps more importantly, the right-wing Popular Coalition opposition headed by Sr Manuel Fraga.

Far exceeding forecasts the provisional count gave Convergencia about 47 per cent of the vote, the highest score registered by any party in the region since Franco days. It increased its seats from 43 to an outright majority of 72 in the 135-member Catalan parliament.

The Socialists, who appear to have been worse hit by the 36

per cent abstention rate, managed to increase their seats from 33 to 41, poaching mainly from the Communists and from the Andalusian P.S.A. party, which fought the last election four years ago, among Catalonia's immigrant-worker community.

However, the Socialists' provisional score of 29 per cent was well below the 45 per cent they obtained in their general election landslide in 1982, or the 38 per cent won in municipal contests last year. The Popular Coalition managed to hold only 11 of 18 seats won in 1980 by the now extinct UCD centre-right party and saw its share of the vote fall to 8 per cent, more than six points below its general election score.

While Convergencia's result may have been inflated by a "useful vote" from other non-socialist camps, the election has

come across as a virtual plebiscite for Sr Jordi Pujol, the head of the regional government, and an endorsement—despite allegations of various irregularities—of his stewardship of Catalonia's four years of autonomy.

Traditional rivalry between Barcelona and Madrid appears to have counted more than classical divisions between Left and Right in the show of support for Convergencia which came not only from the conservative middle class. The result was also a big disappointment to the Popular Coalition which spent heavily on the campaign, and will increase the questioning of Sr Fraga's future as opposition leader.

Convergencia's victory, meanwhile, promises to provide the springboard for a "reformist party" on the national scene launched last year by Sr Miquel

Roca, Convergencia leader in the Madrid Parliament, in conjunction with the Liberal PDL party headed by Sr Antonio Garrigues Walker. Sr Roca's aim is to make this into a powerful "third choice" in the next general election in 1986. It would stand to collect a part of the centrist element which helped bring the Socialists to power.

The Catalan contest has placed the Socialists in a quandary in this key region, the most developed in Spain with a sixth of the population. On the one hand local party leaders perceive the need for more forceful opposition in the region in order to recover support. On the other, the Socialist Government in Madrid needs to maintain a good working relationship with the Catalan authorities, as Sr Felipe Gonzalez, the Prime Minister, underlined after the election.

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### Mitterrand in Athens ahead of EEC summit

By Andriana Ierodiakonou in Athens

M. FRANCOIS MITTERRAND, the French President, said in Athens yesterday that Britain's contribution to the European Community budget would be the central problem confronting the leaders of the Ten when they next meet at Fontainebleau in late June.

The President revealed no details of what sort of proposals France might be preparing to present at the next summit but he hinted at compromise by saying that the individual interests of European member states had to be taken into account.

"If we are to defend the interests of Europe, we must adjust Europe to the interests of its member-countries."

The French leader was in Greece during a diplomatic tour of EEC capitals to prepare the ground for the next Community summit. M. Mitterrand visited Italy last week and will visit Britain and West Germany after Greece.

"I can say we have made some progress on agricultural issues, such as the Common Agricultural Policy and monetary issues, especially Monetary Compensatory Amounts (MCAs)." M. Mitterrand said after talks with Dr Andreas Papandreu, the Greek Prime Minister.

### West German N-site blockaded

BY RUPERT CORNWELL IN BONN

MORE THAN 2,000 West German anti-nuclear demonstrators yesterday defied an official ban and blockaded access roads to the highly controversial Gorleben "nuclear park" site, close to the border with East Germany.

Although no outbreaks of serious violence were reported, police moved in to evict some

500 people who had set up a camp nearby, and 24 demonstrators were arrested.

Gorleben, sited close to the extremity of a wedge of land surrounded on three sides by East Germany, is scheduled to be the home of a nuclear reprocessing plant. It is also planned that nuclear waste be stored in salt deposits lying under the district.

The roads had been blocked

by improvised barricades of cars, tractors and wooden barriers. But police later reported that most of the obstacles had been removed, in some cases forcibly.

The blockades were the latest stage in a long-running protest campaign against the virtually ready Gorleben plant, which is set to reach its climax when the first used fuel is delivered for reprocessing.

### Bid to stop Dutch rail strike

BY WALTER ELLIS IN AMSTERDAM

DIRECTORS of the Dutch state railway system are to seek a court injunction against the FNV trade union federation if it asks rail workers to join a planned 15-minute work stoppage in protest at the proposed siting in the Netherlands of U.S. cruise missiles.

The FNV, which has some 950,000 members, plans the action for May 10 and 15 co-ordinating its campaign with the No to Cruise Committee (KKN), an umbrella group within the sprawling Dutch peace movement.

Although the protest would last only a quarter of an hour, rail management is concerned about possi-

ble safety implications as well as the obvious disruption to services.

The Dutch Government—a centre-right coalition of Christian Democrats and Liberals—confirmed that it will take its final decision on cruise deployment in June.

Mr Ruud Lubbers, the Prime Minister, has declined all comment on the so-called "crisis proposal" which would provide for deployment of the American missiles only in the event of a grave international crisis. Mr Ed Nippels, the Liberal leader, is opposed to cruise.

Over the weekend the Liberals are understood to have put forward their own bottom-line option for

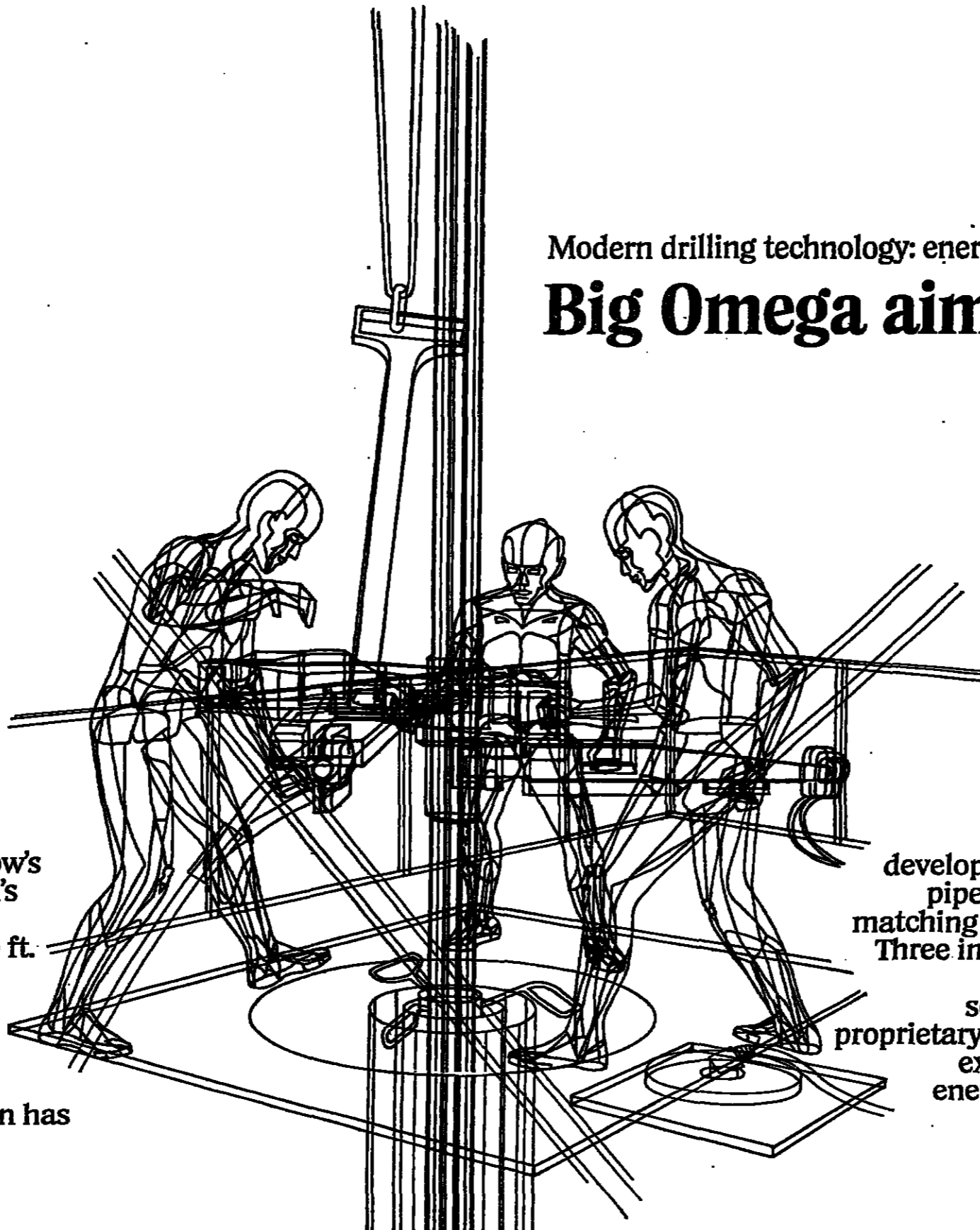
cruise under which preparations of the selected site—at Woensdrecht in North Brabant—would go ahead but the arrival of the weapons might be deferred for a time while further attempts are made to re-activate the East-West arms talks in Geneva.

The Netherlands is due to receive its consignment of 48 cruise missiles in 1986 and 1987.

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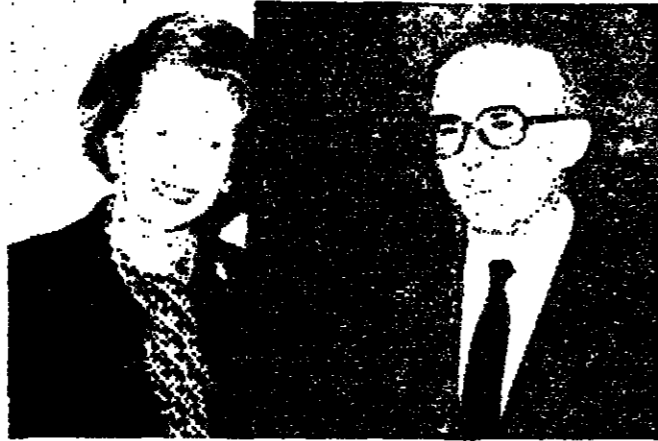


David Buchan reports on difficulties between the EEC and Hungary

A mixed marriage, much desired, faces family problems

"DIFFERENTIATION" is the new buzzword of Western officials in describing policy towards Eastern Europe.

The EEC has had an Ostpolitik policy since 1974 when it offered to negotiate a trade agreement with any "state-trading" country that wanted one.



Mr Peter Veress, Hungary's Trade Minister meets Mrs Thatcher in 10 Downing Street following her February visit to Budapest

So, when Hungary first started sounding out Brussels two years ago, the time seemed to have come for the EEC to play a major role in the "differentiation" strategy.

Few Western officials dispute that Hungary is, in principle, the Eastern country most deserving of favourable treatment.

goods in 1,794 categories, and more than half these quotas are imposed by Italy alone.

Nevertheless there is a wide gulf, to the annoyance of the Hungarians, between general expressions of support for Hungary from Western leaders

Inside the EEC, Britain, West Germany and France are the most enthusiastic about Hungary's terms and Italy and Ireland the most reluctant to agree.

Ireland, on the other hand, opposes better Hungarian access to the EEC beef market, while Italy has the longest list of restrictions on Hungarian industrial goods.

precaution. They want to guard their flank against taunting from Comecon partners that Hungary has signed an accord of political advantage to the West and of little economic benefit to itself.

Hungary is seeking from the EEC: Abolition of the import quotas which EEC members impose nationally on Hungary, as on all "state-trading" countries.

Preferential tariff treatment, in return for which Hungary is ready to lower its tariffs, but without giving "effective reciprocity" or the fixed guarantee of increased imports from the EEC which Brussels normally demands from "state-trading" countries.

Better access for Hungarian food.

All three demands pose problems. Brussels hints of some flexibility on the tariff reciprocity and agricultural issues, but regards total abolition of Hungary's EEC quotas as quite unrealistic.

Agreeing that Hungary is dismantling part of its central planning apparatus is one thing; conceding formally that it has totally done so is quite another, it is argued in Brussels.

Making an exception of Hungary and giving it the sort of EEC trade deal which non-aligned Yugoslavia has would also create complaints from Romania that its 1980 deal is inadequate and from countries like Austria and Switzerland that their trading advantages with the EEC are being neutralised.

Hungary and the EEC have strong incentives to do a deal. Hungary wants to be treated differently.

The EEC wants to differentiate, and is in no doubt that Hungary merits favour. The clear danger is that both sides will get so distracted over a few millions of dollars worth of trade — EEC quotas, for instance, affect only 3.4 per cent of Hungary's industrial exports — as to lose sight of their longer-term mutual interest.

THE U.S. PRESIDENT CONTINUES TO 'PREACH' TO THE CHINESE

Reagan defends censored remarks

BY MARK BAKER IN PEKING

PRESIDENT Ronald Reagan has defended the remarks which led to his two confrontations with the Chinese censor at the weekend—and repeated some of them to university students in Shanghai.

It is not known whether Mr Reagan will be censored a third time. His speech to the students is not scheduled to be televised until later in the week.

Asked yesterday why he continued to "preach" to the Chinese, Mr Reagan said: "That's my thing." He said he was not upset about censure made by Chinese officials in reports of his remarks on Friday and Saturday praising the relative social freedoms in America and attacking the Soviet Union.

our shared desire to prevent the proliferation of nuclear explosives in the world, and it brings a new dimension to peaceful co-operation in our relationship," he said.

Japan's Ambassador to the Soviet Union cancelled an address scheduled for Soviet television after refusing to give into Soviet demands to alter certain parts, AP reports from Tokyo.

The Soviet foreign ministry demanded that portions of the speech by Masuo Takashima, Japanese ambassador to the Soviet Union, that touched upon the sensitive question of the disputed northern territories be removed.

Our agreement is based on mutual respect for the right to make his own decisions and to lead his own life," Mr Reagan said yesterday. "I am a Chinese."

Chinese personal income grows rapidly

CHINA'S economy grew by 10 per cent last year, and the average income of its 800m peasants jumped almost 15 per cent, but inefficiency and shortages of energy and transport continued to plague Chinese factories, AP reports from Peking.

Industrial economic performance improved, but not much," said a state Statistical Bureau report on productivity, profits and efficient use of energy released on Sunday.

to put one-sided emphasis on output value to the neglect of economic performance, and some products did not cater to the changes in social demand," it said.

However agricultural production remained a bright spot in the economy. After increasing 11 per cent in 1982, Agricultural output value rose 9.5 per cent in 1983 to Yuan 312.1bn (\$105bn), the report said.

The Bureau said improvement was due to new farming techniques, good weather conditions and the new incentive system under which peasants earn more for more work, rather than share equally.

Ivory Coast debt talks set to open tomorrow

BY PETER BLACKBURN IN ABIDJAN

SUBSTANTIVE debt rescheduling negotiations between the Ivory Coast and the Paris Club of official creditors will begin in Paris tomorrow.

This follows the Ivorian Government's decision last December to seek a rescheduling of some \$700m of medium- and long-term public external debt due in 1984.

The Ivorian delegation, led by Mr Maurice Seri Goleba, Minister of State, is seeking to reschedule some \$350m of principal and interest payments

due to official creditors this year. Officials hope to conclude an agreement in June to enter into force in July.

The expected approval by the International Monetary Fund (IMF) this week of a one-year standby credit of some \$19m should reassure both official and commercial creditors. The credit would be accompanied by fresh measures to strengthen the economy.

Government officials point out that public sector payment arrears were reduced by some \$165m during the first quarter of 1984, thereby meeting the IMF's most important performance criterion.

Debt service is expected to absorb nearly 45 per cent of export earnings in 1984, while the Ivory Coast's estimated total external debt of \$6.3bn makes it one of the world's most indebted in per capita terms.

The decision to reschedule was due to three factors, according to a Government communiqué: Steady deterioration in prices

of cocoa and coffee, of which the Ivory Coast is the world's first and third largest producer respectively.

Steady appreciation of the dollar during the past three years, as well as a sharp rise in interest rates.

West Africa's worst ever drought.

Negotiations with the London club of commercial creditors concerning the rescheduling of principal payments due this year are also expected to start soon.

Jaruzelski tries hard to foster image of normality in Poland

BY CHRISTOPHER BOBINSKI IN WARSAW

GENERAL Wojciech Jaruzelski must be hoping that the Polish Communist Party's May Day march which he will be leading will be the only demonstration in the centre of Warsaw today.

Poland's military leader is set to visit Moscow next month, and a large turnout for a counter-demonstration which the Solidarity movement's fugitive leaders have called for today would spoil the picture of a normalised country that Poland's allies want to see.

The general's visit will be his first since Mr Konstantin Chernenko became Soviet leader, and will entail some serious discussions linking Soviet economic concessions to progress in returning Poland to East European conformity.

However, there are signs that the Jaruzelski leadership with its military favour and pragmatic policies towards the Roman Catholic Church and private farmers has won Mr Chernenko's favour and thus a greater room to manoeuvre.

This will need if it is to combine a policy of repression and conciliation in the weeks preceding the local elections on June 17, and if it is to ensure a reasonable turnout despite Solidarity's boycott call.

This year is a special one as the 40th anniversary of the

centre of the city. Elsewhere, Solidarity supporters might try to join official marches, a tactic which the authorities have realised is the most difficult to control.

The police have warned that they will intervene if the need arises. The media for its part has done its best to scare people away from the Solidarity marches, and arrests of activists have been stepped up.

The authorities in Gdansk and Wroclaw have introduced temporary public order measures in expectation of trouble there.

But, in a sense, the Solidarity leadership may gain by failure. Lack of response on the streets will strengthen church efforts to free the 11 Solidarity and KOR dissident group leaders who East Bloc hard-liners have been insisting should be tried.

Establishment moderates will be able to argue that the 11 are no threat and can be freed. The same would go for a political amnesty on July 22 for the other 400 or so political prisoners now being held.

Until now, the Government, still conscious of its image in the West, has shown every sign of wanting to avoid a large-scale political trial but has been insisting that the 11 leave the country.

In Warsaw, Solidarity has urged people to go to church in the morning and then march to

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Table with 2 columns: Serial Numbers and Prefix "M" Bearing Serial Numbers. Lists include 212, 1421, 3111, 401, 111, 2011, 7011, 8011, 9011, 10211, 11211, 12211, 13211, 14211, 15211, 16211, 17211, 18211, 19211, 20211, 21211, 22211, 23211, 24211, 25211, 26211, 27211, 28211, 29211, 30211, 31211, 32211, 33211, 34211, 35211, 36211, 37211, 38211, 39211, 40211, 41211, 42211, 43211, 44211, 45211, 46211, 47211, 48211, 49211, 50211, 51211, 52211, 53211, 54211, 55211, 56211, 57211, 58211, 59211, 60211, 61211, 62211, 63211, 64211, 65211, 66211, 67211, 68211, 69211, 70211, 71211, 72211, 73211, 74211, 75211, 76211, 77211, 78211, 79211, 80211, 81211, 82211, 83211, 84211, 85211, 86211, 87211, 88211, 89211, 90211, 91211, 92211, 93211, 94211, 95211, 96211, 97211, 98211, 99211.

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OVERSEAS NEWS

Israel broadens bomb probe to uncover Jewish underground

BY DAVID LENNON IN TEL AVIV  
ISRAELI security forces, investigating the attempted bombing of five Arab buses on Friday have now extended their inquiries in an attempt to determine the full scale of the Jewish terrorist underground in the occupied West Bank and Golan Heights.  
The police are believed to be holding at least two dozen Jewish suspects, in connection with Friday's foiled terrorist attempts and have questioned dozens more from the Jewish settlement.  
They have not released names of those arrested or, numbers currently being so and the authorities having prevented lawyers from those under detention.  
This is common p when the Israeli authorities but dealing with Arab

is unprecedented in the case of Jewish suspects. However, the demolition of homes of Arabs held not been applied to terrorism of the Jewish suspects.  
Prof Moshe Arens, the Defense was a Jewish underground to the extent that a number of people did "covertly and concert plan the subversive activities against the State."  
He said that they did not constitute an underground in the sense of having a manifesto and cells throughout the country.  
At least four more people were reported to have been arrested yesterday in the Jewish settlement on the West Bank and the Golan Heights. According to the local Press, those arrested on Friday included an army officer, a police sapper and some central figures in the Gush Emunim settlement movement.  
Gush Emunim (The Block of the Faithful) was one of the prime movers behind the settlement of Jews in those parts of the West Bank heavily populated by Palestinians. It also has many supporters within the coalition Government which since 1977, has encouraged and supported its settlement activities.  
By broadening their investigation the security forces are hoping to find those responsible for two earlier terrorist actions, widely believed to have been carried out by Jewish settlers: the 1980 attempt to assassinate three West Bank Arab mayors and last summer's machine gun attack on the Islamic University in Hebron in which three Arab students were killed.

Charles Richards, recently in Khartoum, describes a country in turmoil Nimeiri clampdown on his 'enemies'

THE DECLARATION of a state of emergency in Sudan to combat what President Gaafar Nimeiri describes as enemies of the Islamisation programme may be only the first step in a clampdown on the growing opposition to his rule.  
In his broadcast on Sunday, President Nimeiri banned public meetings, demonstrations and strikes, invested the military with special policing powers, and foreshadowed the setting up of courts-martial. Yesterday the President issued orders, including the right to search private homes, control of transport, censorship, and the imposition of curfews. He lashed out at enemies of the Government who have become active both inside and outside Sudan.  
He singled out "smugglers and corrupters," and "materialists" (meaning those who have been on strike in Sudan recently). They were the "enemies of God," he said.  
He further attacked "the sons of the South, gathering under the red Marxist-Leninist banner."  
The worsening security situation in the South, long a problem for the President, is at present a minor preoccupation. In the North, two-thirds of the country, discontent has been growing about increased economic hardship, and among liberals, about the introduction of Islamic law.  
Last year's introduction of an Islamic penal code under which hands can be amputated for theft and lashings follow alcohol offences (one Briton has already suffered) is driving away foreign businessmen. But the civil transactions law in force since March and the new tax law, due to come into force in September, are more far-reaching.  
Inspiration for the Islamisation programme springs from the discovery of religion by President Gaafar Nimeiri rather than from popular pressure. He has drawn into his palace a group of young lawyers headed by Mr Awad El Geed, a Moslem Brother, to translate his whims into decrees. Critics say that



President Nimeiri... lashing his opponents

opponents at once is unclear. A strike by doctors that paralysed Khartoum's hospitals had ended on April 13; and striking university staff have gone back to work. Only accountants in dispute have had their industrial action curtailed by the measures.  
His attack on the "Marxist-Leninist" tendencies of his opponents in the non-Moslem South is also in marked contrast to earlier apparently conciliatory moves. In a speech in March, Mr Nimeiri offered amnesty to Southern rebels who laid down their arms.  
The rebels, led by former army Colonel John Garang, are demanding the overthrow of President Nimeiri, the repeal of

Islamic law and more autonomy in the South.  
The Government's options in dealing with the rebels are limited. Col Garang has about 6,000 highly trained, well-equipped troops and is funded by Libya. Based in neighbouring Ethiopia, his troops have used tactics of kidnapping and murder of expatriate workers to halt two of Sudan's major development projects—all exploration by Chevron of the U.S., and the Jonglei Canal irrigation scheme.  
Sudan's army of 60,000 men is too small and ill-equipped to fight in an area three times the size of Algeria, where 600,000 French troops were pinned down by nationalist

guerrillas, in that country's war of independence.  
There are also doubts about Mr Nimeiri's seriousness about politically conciliating his Southern opponents. Attempts in February to initiate a dialogue with other Southern Sudanese politicians and the despatch of a delegation to Washington and London to counter the rebels' propaganda have not been followed up.  
Many veteran Southern politicians feel that much anti-Northern feeling could be defused by a public declaration that Islamic law will not be applied there—as it is not in practice—and the setting up of some kind of forum to make it appear that the Southern province still exists as a single entity.  
If Mr Nimeiri is concerned about the strength of his personal position, he recently received help from an unexpected quarter. The attack on a Sudanese radio base broadcasting anti-Libya propaganda on March 16 by an unmarked TU-22 bomber flying out of Libya temporarily nullified support for the Government.  
There are many discontented elements within Sudan, but Mr Nimeiri faces no apparent serious challengers. Over the years he has successfully purged the army of the best and the brightest, who might have tried to stage a coup.  
Time only will tell if this new state of emergency will further consolidate his position or prove to be the beginning of the end of the patience of the Sudanese people.

Damaged Gulf supertanker still stranded off Bahrain

FRPINGS IN BAHRAIN  
BY ?  
A 400-ton ultra-registered tanker (ULCC) carrying oil, which caught fire in the Gulf 100 miles north of Bahrain last Wednesday, is now at anchor 25 miles off the Bahraini lightship.  
The exact cause of the damage has yet to be determined. As yet Salen Tankers of Sweden, part owners and operators, are saying no more than that the explosion was probably caused by an "outside weapon deployment."  
If it is established that the Safina Al-Arab was hit by an Iraqi missile, the repercussions on tanker-chartering operations and war risk premiums in the Gulf could be considerable. The ULCC would be by far the biggest of those serving Iranian ports attacked this year.  
Two Dutch tugs, the International Transport Company's Solano and the fire fighting tug Draco owned by Smit International, are standing by. Yesterday they pumped out some of the water used to douse the fire which buckled part of the after-deck and severely damaged the crew accommodations and most of the starboard side.  
A decision is awaited from the owner and underwriters on whether to salvage some of the cargo at sea, and representatives of Salen Tankers who operate the vessel on behalf of Safina Shipping Company, were expected to fly into Bahrain yesterday.  
The distress call which went

South African labour study urges caution

By Michael Holman in Johannesburg  
A 450-PAGE report by South Africa's National Manpower Commission setting out reforms of the country's labour relations legislation was tabled in Parliament yesterday.  
The wide-ranging report takes a cautious stance, however, declaring that "major changes in the current statutory provisions should not be recommended." It goes on nevertheless to advocate a number of changes in the country's complex system of collective bargaining.  
A key area examined by the Commission is the Industrial Relations Court, established to mediate in disputes between employers and unions, but whose merits have been disputed by both parties. The Commission advocates reforms of the court, including steps to improve its image and status, "particularly in regard to its visible independence from governmental influence and control."  
The opposition Progressive Reform Party said yesterday that it would maintain pressure on Government for a full inquiry into an alleged oil scandal raised last week.  
A party spokesman said that the party had received allegations linking five people in "Government or semi-government departments" to the claims of massive overpayment in the Government's purchases of oil.

Islamic laws confuse Sudan businessmen

THE SUDANESE business community, already battered by strict secular import controls and tight credit ceilings, has been thrown into confusion by the introduction of new laws conforming with the Islamic sharia.  
Last year's introduction of an Islamic penal code under which hands can be amputated for theft and lashings follow alcohol offences (one Briton has already suffered) is driving away foreign businessmen. But the civil transactions law in force since March and the new tax law, due to come into force in September, are more far-reaching.  
Inspiration for the Islamisation programme springs from the discovery of religion by President Gaafar Nimeiri rather than from popular pressure. He has drawn into his palace a group of young lawyers headed by Mr Awad El Geed, a Moslem Brother, to translate his whims into decrees. Critics say that

the group has not fully assessed the impact of the new laws.  
The Civil Transactions Act runs to 849 articles under 20 chapter headings. It covers contract law, agency law, registration, incorporation, tort and rent. Lawyers say it is poorly drafted and full of ambiguities.  
Dr Hassan al Torabi, a Presidential assistant who is also a Moslem Brother, said that the law aims at sanctioning those who set up a company and run off with the assets, by making individuals liable for unlimited losses.  
In theory, the Civil Transactions Act applies only to domestic transactions, with interest on foreign debt adjusted to be governed by the laws of the other country. Foreign banks are, however, being instructed not to pay interest on foreign accounts held by Sudanese.  
Although the law can be easily circumvented by redefining interest as commission, the way is being prepared for the

Islamisation of all banks including the central bank.  
The new tax law is designed to have a practical function — to increase revenue by lowering tax rates but widening the tax base at the same time. Some 20 taxes have been abolished and the new tax system reorganised on Islamic lines.  
Direct taxation on companies, businesses and individuals, which used to rise progressively to rates of 65 and 70 per cent has been abolished, in favour of a flat rate of 21 per cent on incomes, on assets minus liabilities and on fixed assets such as buildings. Under the new law, wealth and potential yield are taxed rather than actual yield or profits.  
Few believe that the Sudanese will be inspired by a sense of duty to a Higher Authority to change the habits of a lifetime and start paying tax. But assessment of visible wealth rather than of falsely-declared profits may indeed yield higher revenue

The short-term effect of the Islamic legislation has been to bring business in Sudan virtually to a halt, even though the low company taxes could have been ganged before foreign investors. Uncertainty over the fiscal and monetary implications has also upset the aid donors upon which Sudan is heavily dependent.  
Estimates of the revenue the new tax law will generate vary widely — from President Nimeiri's fanciful SE20m (£1.6bn) to Dr Al Torabi's SE500m to SE600m.  
Hardest hit is the Minister of Finance. He loses revenue from direct taxation of SE240m a year and has to prepare a budget based on income from the new laws by June 30, three months before the new law comes in.  
Even worse, the new law will operate on a different fiscal year from the budget which shifts 10 days a year with the phases of the moon.

Sikhs kill former senior policeman

By K. K. Sharma in New Delhi

IN ONE of their boldest acts of terrorism since Punjab was plunged into violence late last year, Sikh extremists gunned down a former senior police officer, Mr. Baschan Singh, yesterday in broad daylight in one of the busiest streets of the Holy city of Amritsar.

This was the fifth attempt on the life of the distinguished police officer who is thought to have been on the "hit list" of the terrorists because of his earlier attempts to interrogate extremists and organise action against them.  
Mr Singh was travelling in a cycle rickshaw with his bodyguard and wife and daughter at the time of the murder, said to have been committed with a stungun by a group of terrorists. The bodyguard was also killed immediately while the wife and daughter died of their injuries later.

More acts of violence were reported in other parts of the troubled state as the tussle between the warring factions in the Akali Dal party of the Sikhs continued inside the Golden Temple, the headquarters of both moderates and extremists.  
The factional wrangle is expected to lead to more violence and is being watched with increasing concern in New Delhi since it jeopardises the recent informal contacts the Government has made with the Sikh leaders in search of a formula to end the 20-month-old agitation for greater rights for the Sikhs.

The contacts were thought to have made some progress but extremist action both inside the Golden Temple and outside has nullified much of the gains. Officials in New Delhi are now waiting for the outcome of the efforts to persuade senior Sikh priests to intervene and settle the quarrels between the Akali leaders.

Canberra denies secret tests

By Michael Thompson-Noel in Sydney

AUSTRALIA has denied that secret atomic tests were conducted in South Australia in the 1960s. At the weekend, Mr John Burke, a former Royal Air Force technician, claimed that he had found the bodies of four aboriginals after one of three secret tests conducted at Maralinga, South Australia, in 1963.

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AMERICAN NEWS

Eagleburger pessimistic on nuclear arms control talks

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

MR LAWRENCE Eagleburger, the retiring U.S. Under-Secretary of State for Political Affairs, yesterday expressed pessimism over the prospects for U.S.-Soviet nuclear arms control talks this year and said it was most unlikely that President Ronald Reagan would visit Moscow for a summit meeting with the new Soviet leadership before November's U.S. elections.

Mr Eagleburger said that when Soviet leaders indicated, as they have, that they intended to do nothing to help Mr Reagan's re-election, they almost certainly meant it. He was speaking at a farewell briefing for foreign journalists before leaving the number three post at the State Department to return to private life at the end of this week.

Mr Eagleburger said that he did not expect the Soviet Union to return to the intermediate Geneva negotiations, either on intermediate range (INF) or strategic nuclear weapons, this year—although he

was marginally less pessimistic about the strategic talks (Start). Meanwhile, Moscow would also continue to be difficult on all other arms control issues, such as the new U.S. proposal for a chemical weapons ban, he said. Moscow's policy was "wrong," Mr Eagleburger said. Soviet conduct had made it very clear that Moscow was not interested in any arms control agreement, and most European public opinion was increasingly recognising that it was the Soviet Union, not the U.S., that was standing in the way of progress.

Mr Eagleburger returned to one of his recent, and somewhat controversial, themes—that there is a danger of a weakening in the transatlantic relationship in the years ahead if the U.S. and Western Europe do not confront a number of potentially divisive trends.

Western Europe remained "critical to U.S. security interests and would continue to do so," Mr Eagleburger stressed. The strains in the alliance would be "manageable" if both sides

were prepared to talk about their differences and focus on the longer term future of the relationship.

The trends that needed examination included the growing economic and political ties between the U.S. and the Pacific Basin countries; the danger that Western Europe would be left behind by the U.S. and Japan in the race to develop new high technologies; and the differing views over what kind of relationship the alliance should have with the Soviet Union.

Americans must understand that for West Europeans, detente had produced some healthy changes, while Europeans needed to see that the U.S. as a global power, had legitimately different views about the worldwide Soviet challenge, he said. The U.S. must also "come to grips" with the need for a genuine two-way flow in defence procurement, a development to which the U.S. Congress was one of the main obstacles, he said.

Contadora Group tries to salvage peace pact

PANAMA CITY — Foreign Ministers from nine Latin American countries met in Panama City yesterday to see if they could salvage a peace initiative for Central America.

The so-called Contadora Group, formed by Panama, Mexico, Colombia and Venezuela, has failed to draw up a treaty for the countries of the troubled area in spite of three months of discussions by its working commission.

The treaty was to have presented at yesterday's full Contadora meeting to be attended by foreign ministers from El Salvador, Honduras, Nicaragua, Guatemala and Costa Rica.

Diplomats said a stumbling block to a settlement was the demand by Nicaragua's neighbours that it reduces its military strength.

Costa Rican President Luis Alberto Monge, who is on a private visit to Panama, told reporters he favoured direct talks between Contadora and the U.S. and Cuba. Reuter.

Beagle Channel negotiations run into difficulties

BY JIMMY BURNS IN BUENOS AIRES

NEGOTIATIONS between Argentina and Chile over the Beagle Channel are in difficulties again and the issue is now unlikely to be settled by September, as was originally hoped.

According to high level government officials, the talks had been making good progress but were set back by the sudden resignation in March of Sr Hugo Gobbi, Argentina's key negotiator.

Sr Gobbi agreed in principle to give up Argentina's claim to all the disputed islands at the southern end of the Beagle Channel south of Tierra del Fuego and to cede 12 miles of territorial waters beyond their coastlines in the Atlantic.

But both sides in recent weeks are understood to have hardened their respective positions, with Chile pressing for a greater extension of territorial waters off the islands and Argentina in turn denying Santiago any exploitation rights beyond the new limits in the Atlantic, which were to have been under

the jurisdiction of Buenos Aires.

An effort to bring both sides back towards a compromise formula was made during a secret meeting at the weekend between Sr Dante Caputo, Argentine foreign minister, and his Chilean counterpart Sr Jaime del Valle. Both sides held a mini summit during the conference of the Latin American trade association in Montevideo—the first bilateral talks involving the two ministers since the two countries signed a joint declaration of peace in Rome on January 23.

Officials close to the talks said during ministers have reiterated their support in principle for an early and peaceful settlement of the dispute, preferably before July, when the Vatican mediation between the two countries will almost certainly go into summer recess. However, Sr Caputo is understood to have expressed the limitations which mounting domestic - political problems place on his government in taking any major foreign policy initiative.

Argentina settles \$30m debt in Bolivian initiative

BY OUR BUENOS AIRES CORRESPONDENT

ARGENTINA HAS agreed to immediate settlement of a \$30m (£21.4m) debt it has with Bolivia in outstanding payments for natural gas supplies as part of a broader effort to help the government of La Paz overcome its financial crisis.

The move comes amid unconfirmed reports that Argentina had asked Mexico, Peru and Venezuela to lend their joint support in the raising of further funds for the beleaguered presidency of Sr Hernan Siles Zuazo.

According to officials in Montevideo, the initiative, apparently launched in the spirit of the recent joint Latin American \$500m rescue package for Argentina, surfaced during a meeting of the Latin American trade association in the Uruguayan capital on Friday at which numerous Latin American foreign ministers were present.

In an interview with the Financial Times at the weekend, Sr Fernandez neither confirmed nor denied Argentina's initiative at the Montevideo meeting, but stressed the critical political situation that his government was facing.

Peru is in a similar re-negotiation of \$461m due to foreign commercial banks

present. Until last week, Argentina was at least nine months behind in payments for Bolivian gas because of an ongoing dispute over pricing and Buenos Aires' own financial problems.

Argentina's willingness to play a more direct role in international efforts to help its neighbour was expressed for the first time last Wednesday during a private meeting in Buenos Aires between President Raul Alfonsin and Sr Gustavo Fernandez, Bolivia's Foreign Minister.

In an interview with the Financial Times at the weekend, Sr Fernandez neither confirmed nor denied Argentina's initiative at the Montevideo meeting, but stressed the critical political situation that his government was facing.

Underwriters count storm cost

BY TERRY DODSWORTH IN NEW YORK

U.S. PROPERTY and casualty insurers are finding that claims from last March's East Coast storm is spraying red ink all over their underwriting books, creating another financial disaster.

The storm, labelled catastrophe number 32 by the property claims service of the American Insurance Association, hit the Carolinas on March 27. Over a period of three days, it worked its way along the coastline as far as New York, sweeping away sand dunes and manmade shoreline protection alike and flooding hundreds of homes.

The worst damage was done in the Carolinas themselves, where losses came to an estimated \$136.5m (£97.5m) as high winds, tornados and flooding swept away homes, consumed property and vehicles. By the time it spent itself in a New York deluge, the damage had risen to \$217.5m.

First quarter results from some of the property and casualty companies indicate the damage catastrophe 32 has been wrecking on the accounts of an

already shaky industry. ITT, for example, said that its Hartford Insurance subsidiary was hit by record claims of \$15m from the storm, one of the main factors in a 42 per cent decline in earnings.

Aetna Life and Casualty, one of the giants of the industry, similarly reported an enormous drop in its net profits, from \$182m in the same quarter a year ago to \$22m—and also cited severe weather conditions. Net catastrophe claims of \$93m in the quarter compared with \$6m in 1983.

Yet another of the really large companies, Cigna, has seen fit to warn the stock market to expect "significant first quarter losses" in its property and casualty division. Late March weather-related catastrophe claims totalled approximately \$8m, it said.

In the wake of this tide of disaster, Wall Street analysts are once again revising down their earnings forecasts for the industry, while predicting that sooner or later a major collapse will force greater realism

(i.e. higher prices) in insurance premiums.

Even so, there are some grounds to believe that the industry has been hit by an exceptional run of bad luck. Only eight months ago, in August 1983, the property and casualty companies were battered by the second most costly disaster since records began in 1949—hurricane Alicia, which swept through southern Texas with devastating results on the towering glass palaces of Houston.

Damages from Alicia are reckoned to have totalled \$675m, superseded only by hurricane Frederick in 1979, for which losses totalled \$753m.

But at the end of last year, the industry also had to absorb the largest disaster on record, when the spell of extraordinarily cold weather around Christmas put a blanket of snow over parts of Texas.

The bill for the cold weather snap came to \$585m, plunging the industry into its highest annual losses claims by far—almost \$2bn.

Power plant problem

After years of protests and construction delays, operators at the Diablo Canyon power plant on the central Californian coast started the nuclear reactor on Sunday and immediately encountered what regulators call an "unusual event"—spillage of slightly radioactive water into the wrong tank, AP reports from San Luis Obispo.

Officials said there was no danger from the diversion of about 1,000 gallons of cooling water into a hold-up tank inside the plant.

Finance minister tipped

Former Canadian Finance Minister Mr John Turner is well ahead in the race to replace Mr Pierre Trudeau as Liberal leader, according to a survey of party delegates published yesterday, Reuter reports from Toronto.

Surviving 480% inflation: it takes a shrewd, foxy mind

Jimmy Burns in Buenos Aires on the devious ways they do it

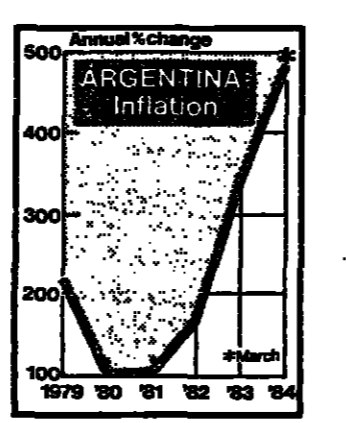
ROSA MARTINEZ, a 56-year-old housewife from one of the poorer working class suburbs of Buenos Aires, switched her vote last October to support Sr Raul Alfonsin, Argentina's new civilian President. Since then, she has joined the 30 per cent of the population which is finding it hard to pay the family bills.

Sra Martinez works as a domestic servant for ten hours a day, five days a week. Her monthly take-home pay is 4,000 pesos (£80). According to Fide, an Argentine economic research group, a family of two adults and two children now needs over 13,000 pesos a month to live, excluding their transport costs.

"I've worked all my life and never had a problem. Now it's different. Before, prices used to go up a few cents, now its 10, 30, 50 per cent all of a sudden. Once you had some idea what it was all worth. Now it takes you by surprise," Sra Martinez said.

Living with inflation in Argentina, which reached an annual rate of nearly 480 per cent in March, is not easy. Many low income workers like Sra Martinez survive on credit and trying to short circuit the system. Earlier this year, for instance, when butchers raised their prices by more than 100 per cent, she visited the meat packers to see if there were any bargain leftovers.

Higher up the social scale, the methods of dealing with



inflation range from using credit cards, timing shopping sprees carefully so the bill will not need to be paid for at least a month, to putting money in index-linked deposit accounts and stocks and shares. More dubious means include under-invoicing, or over-invoicing combined with the dexterous manipulation of the black market exchange rate and inter-company lending outside official bank rates.

"The majority of survival techniques are devious and speculatively and nothing to be proud of. It takes a shrewd, foxy and imaginative mind to keep afloat," commented one local businessman.

Exchange controls and heavily

regulated interest rates mean that, on the surface at least, the opportunities for speculation are not as great as they were in the heyday of the military regime. But fortunes are still being made in spite of, and because of, inflation.

Some bankers believe that as much as \$28bn is still held by Argentines in foreign bank accounts, and a number of people live royally on the interest on their deposits and the rents from their properties.

Perhaps because of the euphoria which surrounded Sr Alfonsin's election win last year, Argentina's world title of the country with the highest inflation has been harder to excuse recently. In each of the first three months since Sr Alfonsin's December inauguration, the cost of living has outpaced official Government forecasts by an average of 10 percentage points.

Announcing the March lurch in the consumer price index of 20 percentage points, Sr Bernardo Grinspun, the Economy Minister, suggested that the main upward pressure on prices had been generous wage settlements in recent weeks.

He may have been trying to euphoric public opinion for the wage cuts which could follow an agreement with the Inter-

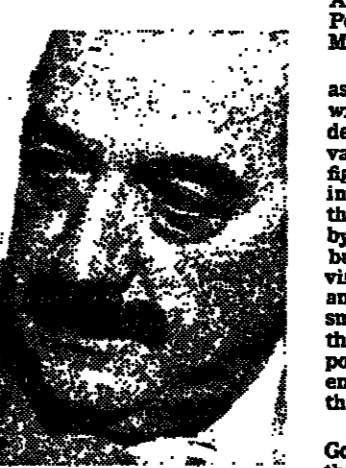
national Monetary Fund over the rescheduling of Argentina's enormous foreign debt, for the Opposition Peronist party has subjected Sr Grinspun to a grilling on every aspect of the foreign debt negotiation.

The attacks are particularly strong whenever the Government has seemed to be drifting from its bold electoral promise of economic expansion and financial sovereignty.

The unions have strongly resisted the suggestion that they are the culprits. They claim that wage increases in excess of increases in productivity have been the result of inflation, rather than its cause. Pay increases in the present wage round are ranging from 30 to 100 per cent.

The Government claims that salaries in both the private and state sectors have increased by more than 3 per cent in real terms in the first quarter (more than half of the promised target for the year) but this must be qualified.

While wage settlements have been on a sharp upward curve since the last days of the military regime, they have not recovered the ground lost following the 1976 coup, when incomes were savagely slashed. The policy pursued until recently by the Government has been to allow wages to keep



President Alfonsin

her exile in Spain. She was asked to lead talks between the Alfonsin Government and the Peronists, due to begin on May 7.

One of the most difficult aspects in Government dealings with the trades unions is the degree of scepticism over the validity of official inflation figures. The consumer price index does not accurately reflect the many distortions created by the Argentine way of doing business. Price controls are virtually unenforceable against an army of middlemen and small scale retail outlets. Furthermore, restrictions on imports to save foreign exchange encourage scarcity and bring in the black-marketers.

Lack of public faith in the Government's ability to cope in this environment itself fuels rises in the inflation rate. Products are snapped up by people who want to beat the next price rise, which in turn clogs the distribution system and causes speculation on scarcity.

The Government has consistently announced since taking office that it will tackle inflation by cutting back the budget deficit from last year's 20 per cent of gross domestic product. So far there has been no coherent economic programme to back this. No one doubts that such austerity is necessary, but they are beginning to wonder whether the Government has the capacity to live up to its pledge.

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WORLD TRADE NEWS

Washington team warns Singapore over copyright

BY CHRIS SHERWELL IN SINGAPORE  
A HIGH-LEVEL U.S. delegation campaigning against counterfeiting and record piracy yesterday warned that Singapore could be refused trade preferences if it failed to give adequate assurances over copyright protection.

Representatives of the team, in Singapore on the second and final leg of an Asian tour, also said they were pleased with assurances from Taiwan over proposed copyright legislation due to come into force in June.

The delegation comprises officials from the U.S. Commerce Department, State Department and Copyright Office, interested members of the U.S. Congress and representatives of the sound recording, motion picture, book publishing and computer software industries.

Mr Stanley Gortikov, representing the U.S. sound-recording industry, said any granting of trade preferences to Singapore under legislation now pending before Congress should be conditional on copyright protection by Singapore—meaning new legislation properly enforced.

The U.S. delegation is due to meet a Singapore Government team tomorrow and Thursday. Singapore produces countless blank cassette tapes and exports

Industry and unions are increasing pressure on the White House, Stewart Fleming writes  
U.S. steel pushes for greater protection

A RENEWED surge in steel imports in the first three months of this year has set the stage in the U.S. steel industry and its trade unions to redouble their efforts to force the Reagan Administration to provide greater protection.

"Foreign steel steals jobs" is the banner under which the industry is marching, and in an election year the campaign is already paying off. The Democratic Party has seized on the increased competitiveness of foreign products as a symbol of the Reagan Administration's alleged economic failures.

Earlier this month the Commerce Department ruled that countervailing duties should be imposed on steel imports from Brazil and Argentina and signalled that Mexico's steel imports were also breaching U.S. trade laws.

Within two weeks, the Administration is already in a position to claim that this tough ruling promises to turn the tide of Third World imports and that more extreme measures will not be needed.

As it announced, the ruling the Administration disclosed that U.S. Steel, which brought the unfair trade suits late last year, was withdrawing the one against Mexico, following Mexico's decision to impose "voluntary" limits on its exports of certain products to the U.S.

Last week Brazil announced that it too was voluntarily curbing its exports to the U.S. after its proposed steel industry tax-scheme was rejected as a method of offsetting the domestic subsidies given to steel producers.

U.S. Steel has yet to announce whether or not it will withdraw its case against Brazil too. About 38 cases alleging unfair trade are still pending.

The curbs will take effect today, and are the result finally of a letter to Mr Malcolm Baldrige, the U.S. Commerce Secretary, from Sr Ernane Galveas, the Brazilian Finance Minister. Sr Galveas said he hoped the U.S. would withdraw all the anti-dumping and subsidy suits filed against Brazilian steel products.

South Africa is reported to be in the throes of negotiating a voluntary restraint agreement, and there are even suggestions in Washington that some Third World steel producers are thinking of loosely co-ordinating their export restraint procedures.

From the steel industry's point of view, it can be argued that political pressure alone has resulted in a dramatic expansion in the range of countries which, along with the European Economic Community and Japan, have agreed to steel export restraint.

The significance of the rising barriers to steel imports was underlined last week when Nippon Kokan, the second largest Japanese steel manu-

U.S. STEEL IMPORTS

	Japan (m tons)	EEC (% of share)	Other (%)	Total
1975	5.8 (48.6)	4.1 (34.3)	1.0 (8.7)	12.0
1976	7.98 (55.9)	3.2 (22.3)	1.8 (12.7)	14.3
1977	7.8 (40.5)	6.8 (35.4)	2.8 (14.3)	19.3
1978	4.5 (30.7)	7.5 (51.3)	4.8 (32.8)	21.1
1979	6.3 (36.2)	5.4 (30.9)	3.4 (19.5)	17.5
1980	6.0 (38.8)	3.9 (25.1)	2.1 (13.8)	15.5
1981	6.2 (31.3)	6.4 (32.6)	4.3 (21.6)	19.9
1982	5.2 (31.0)	5.4 (33.0)	4.0 (24.5)	14.7
1983	4.2 (24.7)	4.1 (24.0)	6.3 (37.0)	17.0

\* Mainly newly industrialised countries, excluding Canada, which had a 14 per cent market share in 1983.  
Source: American Iron and Steel Institute

General Agreement on Tariffs and Trade... and the Steel Bill is a vehicle for expressing these feelings," one staff official commented.

Alongside the suits alleging unfair trade practices, the steel quota Bill and proposed trade reform legislation which could affect the steel industry, Bethlehem Steel is also pursuing a broadly-based trade complaint which could come up for Presidential action in the middle of the election campaign in September.

It would put sweeping curbs on foreign steel imports. As one official put it: "The steel industry decided to go for broke this year. It looked at the situation, saw it was an election year and said 'This is our chance!'"

In the industry's eyes, the surge in Third World imports was also, by putting pressure on prices, curbing the recovery in demand which has now begun. The steel industry lost a total of about \$6bn in 1982 and 1983.

The House of Representatives last month held hearings on the Fair Trade in Steel Bill, and although the hearings were perceived to go less well for the industry than some feared, it is widely accepted that steel will be the most troublesome trade issue pending in Congress this year.

The Bill is not expected to get through the Congress and may not even pass the House, but it has strong support, with over 140 representatives jointly sponsoring it.

"There is strong Congressional frustration with the

Ankara strengthens trade links with Iran

BY FRANCIS GHILES, recently in Ankara  
THE MIDDLE EAST accounted for 46 per cent of Turkish exports last year as Iran emerged as both its major export market and supplier. The value of Turkish exports to Iran increased from \$791m to just over \$1bn, while imports moved from \$747m to \$1.2bn.

Turkish companies report that trade with Iran is holding up very well this year. Links between the two countries are expected to be strengthened when Mr Turgut Ozal, the Turkish Prime Minister, visits Tehran later this week.

Iran pays for its Turkish imports in oil and Mr Mohammed Ghazali, the Iranian Oil Minister, said last week that Turkey had requested an additional 1m tons a year of crude oil to bring its total crude imports from Iran to 6m tons.

Turkish exports to Iraq Iran's adversary in the Gulf war, fell by nearly half to \$319m last year. Turkey's exports of foreign exchange. Imports also declined, by nearly \$500m to \$946m, making Iraq Turkey's third largest trading partner after Iran and West Germany.

Turkish exports to Saudi Arabia were virtually unchanged at \$366m, while exports to Libya declined.

Iraq recently asked that the 50 per cent cash payment it makes on receipt of Turkish imports be reduced to 25 per cent, suggesting that trade is unlikely to increase this year.

Turkey is experiencing some difficulty with Libya, where arrears of \$400m have built up on orders worth an estimated \$8.5bn. Libya recently suggested Turkey should take a further 500,000 tons of oil this year, on top of the 1m tons planned, but Turkey is already awash with bartered Iraqi and Iranian oil and has no storage capacity left. The Libyan oil is unsuitable for its refineries, and one contractor said it is being sold at a loss.

Trade with Saudi Arabia poses no problem, and the Saudi Arabian authorities are pressing the Turks to send more expatriate workers as they are thought to be less of a security threat than some workers for other countries.

Turkish trade with Tunisia is growing — exports include wheat, cement and other agricultural products.

Saudis reopen bidding for Asir power plant

BY FINN BARRE IN RIYADH  
SAUDI ARABIA has once again reopened bidding for its Asir region desalination and power plant. The plant has been ordered three times in the past, but tight finances forced the rejection of all three series of bids.

The latest set of bids had been opened on October 11, 1983. Hyundai of Korea submitted a bid of \$160m (£115m) for the desalination unit, Daehim of Korea and Westinghouse of the U.S. submitted a bid of \$102m for the power-generating station.

Saudi Arabia's Saline Water Conversion Corporation dismissed the bids because they were considered too high. New bids on the desalination plant are due on May 29. Bids on the power generator are due on June 2.

The Asir plant was originally supposed to process 25m gallons of water a day and generate 360 MW, but the plant was scaled down to meet budget constraints.

The new plant design is supposed to generate 120 MW for purifying 20m gallons a day of water using the multi-stage flash distillation process.

proposals will be presented by BAI next month.

Mr Gao Lin, deputy general manager of the Shenzhen Special Economic Zone Development Corporation, is reported from Shenzhen as saying that it was possible that a letter of intent to establish a joint venture would be signed later this year.

Initially, the Shenzhen airport is not being considered as a substitute for Hong Kong's Kai Tak airport, although in the longer term such a possibility cannot be excluded.

Some time ago, the Hong Kong civil aviation authorities considered a new airport for Hong Kong on reclaimed land at Chek Lap Kok, near Lantau Island in the New Territories, but the project was shelved for both cost and technical reasons.

British group in talks on new airport for China

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT  
BRITISH AIRPORTS International, jointly owned by British Airports Authority and International Aeradio, is discussing with the Chinese Civil Aviation authorities the possibility of developing a new airport at Shenzhen, in China close to Hong Kong.

If eventually confirmed, the deal would involve outlays of several hundred million dollars on the financing, design, construction and initial operation of the airport for regional purposes, although it could eventually be expanded to major international status.

The talks so far between the Civil Aviation Administration of China (responsible for all Chinese civil aviation), the Shenzhen authorities, and BAI itself, have lasted several months, and further detailed

Oslo intervenes over bid for offshore order

BY FAY GJESTER IN OSLO  
NORWAY'S conservative-led coalition is being strongly criticised, both at home and abroad, for its latest intervention on behalf of the Norwegian offshore fabricating company.

Last week Phillips Petroleum of the U.S. yielded to strong oil Ministry pressure and agreed to place an order for a platform "jacket" (supporting frame) for its Norwegian Ekofisk field with the Aker Verdal platform building yard, despite its previously declared preference for a Dutch fabricator—Heerema—which had submitted a lower bid.

The jacket, worth an estimated \$20m, will support a platform deck with the equipment needed to inject water into the field, as part of a scheme to prolong its producing life.

In the final bargaining round, Aker Verdal was given a chance to revise its first tender.

This narrowed the gap between its bid and the Dutch company's from about 30 per cent to 5-15 per cent, depending on interpretation of the figures.

Norsk Hydro, Phillips Norwegian partner on Ekofisk, had joined with the Ministry to argue Aker's case.

Learning, on Thursday, that Heerema was about to lose the order, the Dutch authorities approached the Norwegian Embassy in The Hague for details.

When they were told that Aker had, in fact, got the contract, they said they would be lodging a formal protest soon. This could come tomorrow—the

Australian vehicle imports fall 6%

Australian vehicle imports fell 6 per cent in March from February, according to figures released by the Australian Bureau of Statistics, AP-DJ.

The bureau said Australia imported 6,334 vehicles during the month, down from 6,640 the month before and 8,429 a year earlier. The value of the imports fell to A\$32.5m (£20.3m) from A\$33.5m a month earlier and \$45.1m a year earlier.

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UK NEWS

Steel plant faces closure as victim of pits dispute

BY OUR INDUSTRIAL STAFF

RAVENSCRAIG steel works in Central Scotland and a nearby pit face closure with the possible loss of more than 5,000 jobs after a decision by miners' union leaders to reject an appeal from steelworkers to increase coal supplies to the works.

Loop-hole may disguise political donations

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT last night admitted that under current legislation it does not know how much money foreign companies give to British political parties.

Sterling's fall brings petrol price rise

THE first move in what could be a round of petrol price rises came yesterday as Shell said that it was raising the average price of four star petrol from 84.1p to 87.8p a gallon at its self-service filling stations.

Call to delay BA sale

By Michael Dome, Aerospace Correspondent

PRIVATISATION of British Airways (BA), the state-owned airline, should be delayed to give time for the Government in the structure of UK civil aviation to take effect.

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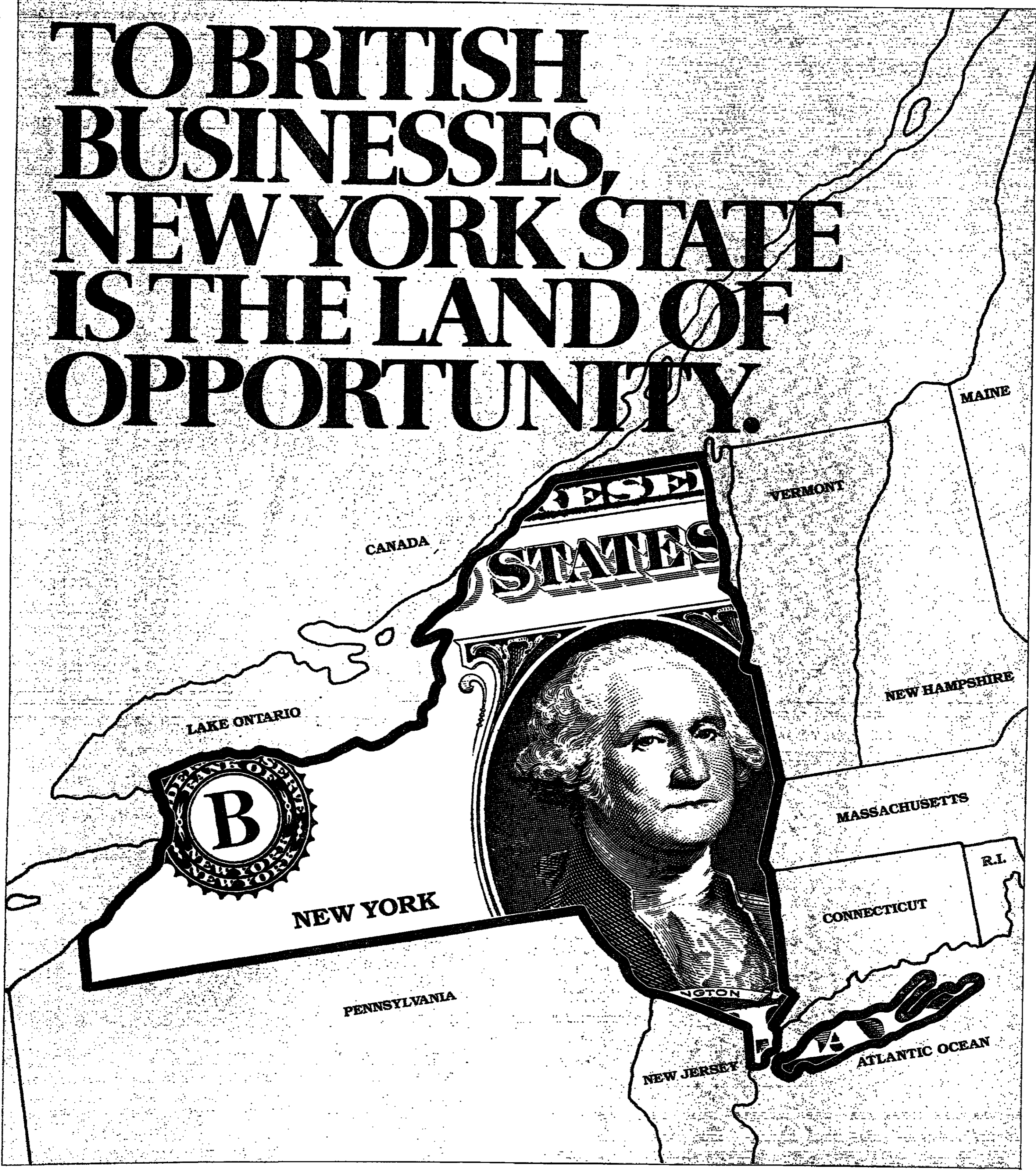
Forecast warns of growth below target

BY MAX WILKINSON, ECONOMICS CORRESPONDENT THE Government is unlikely to have scope for tax cuts before 1987 if it sticks to its current borrowing targets, says Cambridge Economics in its latest, rather gloomy, forecast for the UK economy.

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**THE MANAGEMENT PAGE : Small Business**

**A peripatetic pool of consultants**

BY TIM DICKSON

"GREY hairs can be important in a small company," says Peter Thomson enthusiastically. "They help build up confidence and trust among customers."

White-headed Thomson, at 51, has a vested interest in spreading this gospel. But over the past year he has been convincing Oakland Management Holdings, a small venture capital outfit in Hungerford, Berkshire, that companies in its portfolio have something to gain from his experience.

Oakland, which manages a £4m chunk of the British Rail Pension Fund as well as the £2m Alpha Business Expansion Fund, sees Thomson and a pool of about 70 other self-employed consultants on its books (mostly former senior business executives) as important to its investment strategy. The group claims that it helps the management company to be more closely involved with businesses backed and contribute to Oakland's "hands on" style.

So far 20 of these "associates" (as they are called) have helped out in one way or another and 10, including Thomson, have been appointed to executive positions in companies in which Oakland investments have been made.

Oakland's managing director, John Hall Craggs, eschews the term "non-executive" directors. "That conjures up the image of retired admirals looking for a comfortable salary and a once a month board meeting."

Thomson, by contrast, can look hot on spelt to ICI and Courtauld, where he was group director of marketing (not on the main board) in the mid-1970s before joining as manag-

ing director of the Antocks Lairn office furniture subsidiary of Wagon Industrial Holdings, a smallish publicly quoted concern. Two years ago he branched out into consultancy "to do more of the things I was good at. Being a managing director can be rather boring."

Thomson is now involved, to a varying extent, with three of Oakland's investments—Servicon Dynamics, Thermal Imaging, and Cynosure Medical Systems—but most of his time (two days a week) is spent on Bodmin, Cornwall-based, Thermal Imaging.

Set up in 1975 by electronics engineer John Taylor, the company has developed advanced television cameras which detect thermal patterns rather than light. (They can, for example, "see" someone coming in the dark.) Says Thomson: "The product is technically very good but Thermal has basically been meeting individual customers' needs rather than exploiting the market place. It has been too reactive."

Along with Taylor, who readily admits he needed a marketing man, Thomson has devised a strategy which will encompass both the "bread and butter" business and more exciting projects "where we see a big potential pay off."

He has put together a business plan which helped raise more cash, revamped the marketing literature and, as he puts it, done the ambassadorial bit—calling on customers to assure them of Thermal's stability. "I am used to dealing with executives in big organisations, and this experience is worth



Peter Thomson "doing the ambassadorial bit"

exploiting."

Thomson describes his contribution at Cheltenham-based Servicon, which makes energy control systems for hotels, as "a mixture of counselling and monitoring." At Cynosure, which is much newer than the other two and which has just completed development of an imaging unit for detecting the positions of cancer tumours, he has spent time negotiating with potential distributors.

"Associates" like himself, however, must guard against suspicion by the owners of the company that "we have been sent in by the institutional 'moneybags' to keep an eye on how the capital is being spent." Successful relationships will only develop, moreover, if redundant or unemployed executives are tempted into counselling "realise they are dealing with someone else's business" and proprietors "have some regard for the outsider's experience."

**When the taxman cometh**

AN ADVISORY service for small businesses that are faced with investigation from the tax authorities has been launched by Hinkley-based IRPC Legal and Personnel Insurance Services, a subsidiary of IRPC, the industrial relations and personnel consultants.

The company already provides aid to the National Federation of Self-Employed and Small Businesses and the new service will attempt to give priority to providing advice and guidance on tax matters.

IRPC claims that nearly 70,000 in-depth tax investigations are made by the Inland Revenue each year, as well as some 400,000 VAT control visits.

The service, which will be staffed by ex-Revenue and VAT officers, will have four main elements:

- a guidance manual to assist businesses in maintaining correct accounting records;
- a service aimed at advising company accountants on the most effective means of presenting a case in the event of an investigation or VAT assessment;
- representation where necessary at Revenue Commissioners hearings or VAT tribunals;
- insurance cover up to £25,000 of professional fees incurred as the result of a response to demands from the tax authorities.

Steven Mantou, managing director of IRPC Legal and Personnel Insurance Services, reckons that small businesses are more likely to face problems with the tax authorities than they are with employment legislation, another area in which IRPC provides legal advice.

The company also claims that the new service will be welcomed by accountants who will benefit from the insurance cover. "Action by the tax authorities can result in the demise of a business, leaving unprofessional fees unpaid. Our service will cover them against this possibility," says Mantou.

Costs of the service range from £175 per year for smaller companies of up to 10 employees up to £375 per year for a company with 250 workers.

T. D. David Hellier

Two examples of the potential for exploiting the computer market  
**Used machines—hardly worn**



Paul Wright (left) and Geoff Smith: aiming to be one in 22,000

**Responding to the lure of the U.S.**

IN JUST 18 months since it switched from selling hardware to developing software programmes, a small Suffolk-based firm has developed to the point where it is poised to launch itself in the U.S.

Blyth Computers will sell its own software through Organisational Software, which it has just formed in the U.S. and which is headed by Don Kurtz, an ex-marketing director at Atari, the video games and home computer subsidiary of Warner Communications. Organisational Software—based in San Carlos, California—will be 60 per cent owned by Blyth, with Kurtz owning 10 per cent and Mike Kenny, one of Blyth's distributors in South Africa, owning a similar stake.

Paul Wright, the Blyth director who started the company with Geoff Smith five years ago, believes that the U.S. company will be able at least to equal Blyth's turnover in the UK and Europe. This year Blyth hopes to sell £1.5m worth of software in Europe and 20.6m in the UK—with just 12 full-time employees.

Branching into the American market, where there are some 22,000 software houses, according to Blyth's sales and marketing manager, Peter Warner, is a risky business. "But it's also very important for our future success," says Warner, "because success there gives you a stamp of approval."

Blyth decided to enter the market after considering the results of some market research done for it by a U.S. company. The directors also visited the

U.S. themselves last June and gained assistance from the British Overseas Trade Board.

Warner is confident about Blyth's future in the U.S. despite the fact that, as he says, it's a bit like taking coals to Newcastle. "British software has a good reputation in the U.S. We have a common tongue and it's a vast market," he says. Warner hopes that success will emanate from the company's suite of three information management programmes, called Omniss 1, Omniss 2 and Omniss 3, launched last week.

The programmes are of progressive sophistication. "All three are compatible and you can gear up to whatever level you want," says Wright.

Omniss 1, which costs about £150, is more or less a straightforward filing system, although records can be kept in up to three different orders.

Omniss 2, which costs about £300 handles greater volumes of information, allows more complicated arrangements of files and more automatic calculations.

Omniss 3 incorporates all the features of its smaller brothers but can be used to design complete, custom-built information programmes. It costs around £450.

The products are to be marketed through 300 UK dealers, distributors in 10 European countries, in South Africa, the Far East and in North America via the new company, which starts operations this month.

David Hellier

WITH those boardroom rows at Westward Television now well behind him, Peter Cadbury looked tanned and fit and was sporting a dazzling yellow tie. He did his best not to look bemused as his young, new business partner began to hold forth about the wonders of their new venture... into computers.

Only a few weeks ago Cadbury took a 35 per cent stake in a recently formed small company which leases and trades second-hand IBM computers.

The company, financed by overdraft facilities of up to £25,000, had grown fast enough to become strapped for cash. Yet Cadbury claims the company will have a turnover of £4m in its first year of trading and has realised £500,000. Already he is wondering aloud when he might bring this fledgling company to the Unlisted Securities Market, and realise part of his investment. 1987.

His partner, Paul Hesketh, is 25, rotund, energetic, confident and says he was once a shepherd. "Essentially I am in the commodity business," says Hesketh, with a flourish of his hand. "I don't know anything about computers and I am certainly not technical."

The two met as a result of a dinner date between their respective personal assistants. In spite of their apparent differences, Cadbury and Hesketh say they hit it off immediately. Cadbury has paid £228,000 for his 35 per cent stake, of which £150,000 has gone into the business. He also negotiated an overdraft facility of £200,000.

The company—European Leasing and Trading (ELAT)—buys and sells second-hand, medium-sized mainframe computers made by International Business Machines, the world's largest computer group. ELAT acts as broker between those wanting to sell their computers and organisations wanting a computer but not requiring the latest and most powerful models; they are thus pleased to pay a lower price.

Hesketh says most organisations will only keep a computer 18 months to two years before changing it for a more

advanced or more powerful system. The market exists because of IBM's dominance of the computer industry and the consequent wide availability of second-hand machines, extensive software and a large number of people familiar with IBM's systems. The key factors to the second-hand market are that computers do not wear out like mechanical goods and that IBM is willing to continue to maintain its computers for lengthy periods at reasonable rates. The major negative factor is that advances in technology make old computers obsolete. New computers are often cheaper than the ones they replace and are several times more powerful. This forces down the price of the second-hand market—or "second use" as the industry prefers to call it.

But ELAT tries not to hold any stock and the policy is only to buy when it has a customer. The company therefore lives on its wits by knowing who may want to sell what and when and then matching up a buyer.

Competition

There are a number of other companies in this business—which is estimated to be worth \$2bn a year in the U.S. In the UK ELAT faces stiff competition from Atlantic Computers and United Leasing, both of which came to the market last year, and from several others including Prender Computers, where Hesketh once worked.

Hesketh already has ambitious plans to diversify. These include a stand-by computer back-up service (where there are also competitors) and a second-hand micro and mini-computer shop (which he claims is unique), both of which are being financed by the injection of capital from Cadbury.

The shop, says Hesketh, is effectively a duplication of the brokerage business in the retail industry. "There is nowhere in this country where someone can buy and sell a computer over the counter," claims Hesketh.

Jason Crisp

**In brief...**

**OPPORTUNITIES TO meet venture capitalists and find out about venture capital are in plentiful supply over the next couple of months.** Leeds is the venue for today's first seminar in a series on How to Raise Venture Capital, organised by Venture Economics and accountants Peat, Marwick Mitchell — it costs £75 for the day. Further events are planned for Glasgow and Bristol and

details are available from David Carter of Peat Marwick. Tel: 01-236 8000. Business Research International (57-61 Mortimer Street, London W1, Tel: 01-637 4383) has organised what it calls an "interactive" venture capital clinic at the London Press Centre on Friday May 11. The full cost is £250, plus VAT, but if you describe yourself as an entrepreneur you should qualify for the "special entrepreneur rate" of £199 plus VAT (even further discounts may be considered).

On June 29 and 30 a Venture Capital Exchange is to be held at the Glaziers Hall, London Bridge. Venture capital organisations and Business Expansion Scheme funds will be among the exhibitors, while arrangements will be made for entrepreneurs to discuss their plans with potential backers in meeting rooms. Information from Financial & Business Exhibitions, 61 Grosvenor Street, London W1. Tel: 01-493 0000.

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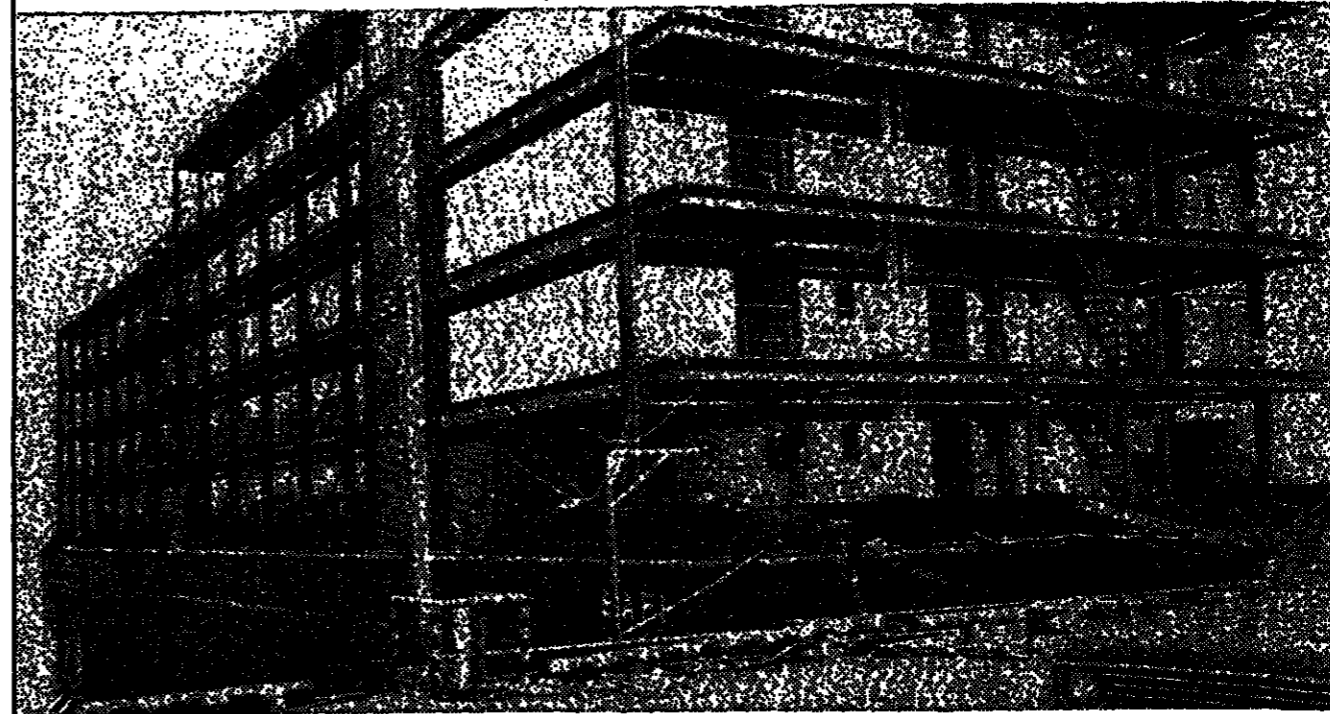
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All the above items are available for viewing between April 26, 1984 and May 22, 1984. Viewing to be arranged through the Aramco Sales Unit in Dhahran. Bid Closing date May 22, 1984.





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# Business Opportunities

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

## AA American Airlines, Inc.

on behalf of its Lessor, will offer for sale two (2) 747-123B passenger aircraft. Each aircraft will be sold for cash on the following closing dates:

AC NO	CLOSING DATE
6	5/29/84
7	5/31/84

These aircraft have been operated and maintained by American Airlines since new. For additional information and required bidding procedures, contact:

American Airlines, Inc., P.O. Box 619616, D/FW Airport, TX 75261-9616. ATTN: Aircraft Sales & Services, MD #H39. (817) 355-1281.

## INTERNATIONAL CONTRACTING Yemen Construction Company

### YEMEN ARAB REPUBLIC

The Yemen Company for Investment and Finance invites proposals from reputable Contractors with international experience to establish and subsequently to undertake the management of the Yemen Construction Company, currently in the process of formation.

## Factoring with Arbutnot cash for expansion - from your own invoices

Arbutnot Factors Limited Bredas Place, Hastings TN4 3DG Tel: (0424) 430824

## INTERNATIONAL CONTAINER LEASING LTD.

(a subsidiary of Cogdon Estates Limited) CORPORATE AND PRIVATE INVESTORS are invited to participate in our 1984 US\$15 million Open Top and Tank Container fleet expansion programme

Acquisitions & Mergers by agreement CHEESHAM AMALGAMATIONS & INVESTMENTS LIMITED

### PROFITABLE NEW ENTERTAINMENT COMPANY WITH PROVEN MANAGEMENT

Wishing to take advantage of new investment opportunities and seeking eventual USM issue require finance for expansion of £150,000.

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Our Clients, a long established Midland based Group of Companies primarily engaged in Industrial Mechanical and Structural Installation, Asbestos Removal, Merchandising and Private Home Insulation seek to discuss future expansion activities on the basis of Merger with a similar organisation, for certain of its Operations. Group turnover exceeds £750,000 with reasonable trading performance.

### BUSINESS OPPORTUNITY

Our client, large well established Printers, are seeking to acquire 51% / 100% shareholding in a reputable printing concern based within 20/30 minutes access to Central London.

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Investment in Brazil is now becoming attractively cheap and exciting opportunities exist in many sectors of industry. We are specialists in finding such opportunities and also arranging joint ventures with Brazilian companies.

## THE LONDON SLOAN FELLOWSHIP PROGRAMME

An intensive 9 month general management programme. For successful and experienced people aged 30-40. About 30 people participate, generally one half from abroad. A distinctive programme for ambitious people. Next programme 24th September 1984 - 28th June 1985.

## EIU The Economist Intelligence Unit

### Management buy-outs 1984

These have become an almost institutionalised part of the UK economic scene. This report, a revised and updated version of one published in 1982, is a guide to the various aspects - commercial, financial, legal, taxation, etc. - it includes a survey of institutes willing to finance buy-outs.

### MERGER OPPORTUNITY

We are a young software house specialising exclusively in the sale of IBM microcomputer hardware with the supply of bespoke and packaged applications software thereafter and consultancy services, with significant growth potential, especially with our unique in-house developed packages.

### DO YOU NEED MONEY?

£50,000 - £1,000,000 has been raised for our clients' realistic business propositions or property schemes by correct strategy, presentation, identification of appropriate sources of finance and detailed negotiations. Can we assist you?

### NON-STATUS FINANCE

30 year term \* Any age \* No A/Cs necessary UP TO 70% of FH Valuations @ 15% p.a.

### PUBLISHING COMPANY SEEKS TO ACQUIRE ADDITIONAL MAGAZINE TITLES

Writes: The Chairman The Publishing Company Limited 50 Gray's Inn Road London EC1A 3BT

### Wine Company

Wish Wine Bar and Warehouse interests seeks investor(s), with or without participation, or would consider sale. Central London Locations. Write Box 4836, Financial Times, 10 Cannon Street, London EC4P 4BY.

### EXPERIENCED DIRECTOR

Knights would welcome new assignments requiring mature analysis, good judgment and management ability. Write Box 4835, Financial Times, 10 Cannon Street, London EC4P 4BY.

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### MARKETING IN THE MIDDLE EAST

U.K. based Company with Directors and Staff resident in Saudi Arabia and in the Gulf States offers representation at a saving of up to 20 per cent of operating independently in addition to marketing and possible joint venture participation in the Company's strategies. Packing - Shipping - Insurance - Documentation - Certification - Inward Clearance - Storage and Finance.

### UNIQUE OPPORTUNITY

Company/Principal. Equity participation offered in New Company, price negotiable. Five year project finally completed in developing "High Technology" Sales Monitoring Stock Control System, designed specially for the licensed trade, the most Advanced Specification available. Field trials and tooling completed. World-wide sales unlimited.

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Film production company seeks £20,000 development funding as speculative but potentially highly profitable investment. Proposals have approval of U.K. under terms of the B.E.S. Enquiries invited from investment advisers with capacity to syndicate total requirement.

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Export and International Marketing Services to establish and develop overseas markets for smaller and medium sized companies. Principals only please with details to: Worldwide Business Portfolios Ltd Northam House, 15 New Bridge St Newcastle NE1 5AS

### WOODLANDS. Land Bank, Etc.

Small building company in Southern England require funds (BBS or other) to develop, and expand its land bank, acquiring commercial woodlands with potential. Please contact Box 4830, Financial Times, 10 Cannon Street, London EC4P 4BY.

## Grantley Adams International Airport, Barbados

The Government of Barbados invites proposals from Consultants interested in providing consultancy services for the resurfacing and reconstruction of the runway at Grantley Adams International Airport.

### SELL? OTC? USM? Which is best for you?

You are not on your own if you find it difficult to assess how to realise some of the worth of your Company. Do you know that some businessmen have been able to sell a minority stake for more than the price offered for the whole?

### REGISTERED REPRESENTATIVES

Leading U.S. commodities and securities firm seeks registered representatives for its Brussels and/or Geneva offices. Minimum individual net production required: US\$250,000 per year. Better conditions available, compared to other brokerage firms.

### USA Distributorship OFFICE FURNITURE

One of Britain's leading Office Furniture manufacturers are seeking an agent to sell a number of selective distributors in the following areas of the U.S.A.:

### TAX PLANNING

100% IBA's. Captive Pension Plans and other shelters now available (IBAs with Local Authority Guarantees). We have years of experience and offer full planning services to our clients.

### BUSINESS PARTNERS

Pipco Group is a Project Support Company with twenty-five years history offering an in-house Design Consultancy together with a technical manpower supply service. We are aware of the prospects for expansion in the oil/offshore fields and wish to seek ACTIVE business partners in Aberdeen, Great Yarmouth, Barrow and Norway.

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IBM System 23 including dual disk drive and wide IBM dot matrix printer. Also mailing list programme and extra ribbon. -Excellent condition -rarely used. -Attractive price. Write Box 4833, Financial Times, 10 Cannon Street, London EC4P 4BY

### COMPUTER BUSINESS PARTNER REQUIRED

Computer business based in Cambridge requires business partner to provide capital contribution of £2 million. Accumulated tax losses available. Top R and D team. Interest in existing and future products, range showing major potential. Outstanding business opportunity. Write Box 4834, Financial Times, 10 Cannon Street, London EC4P 4BY

### WELL-ESTABLISHED EXPORT COMPANY

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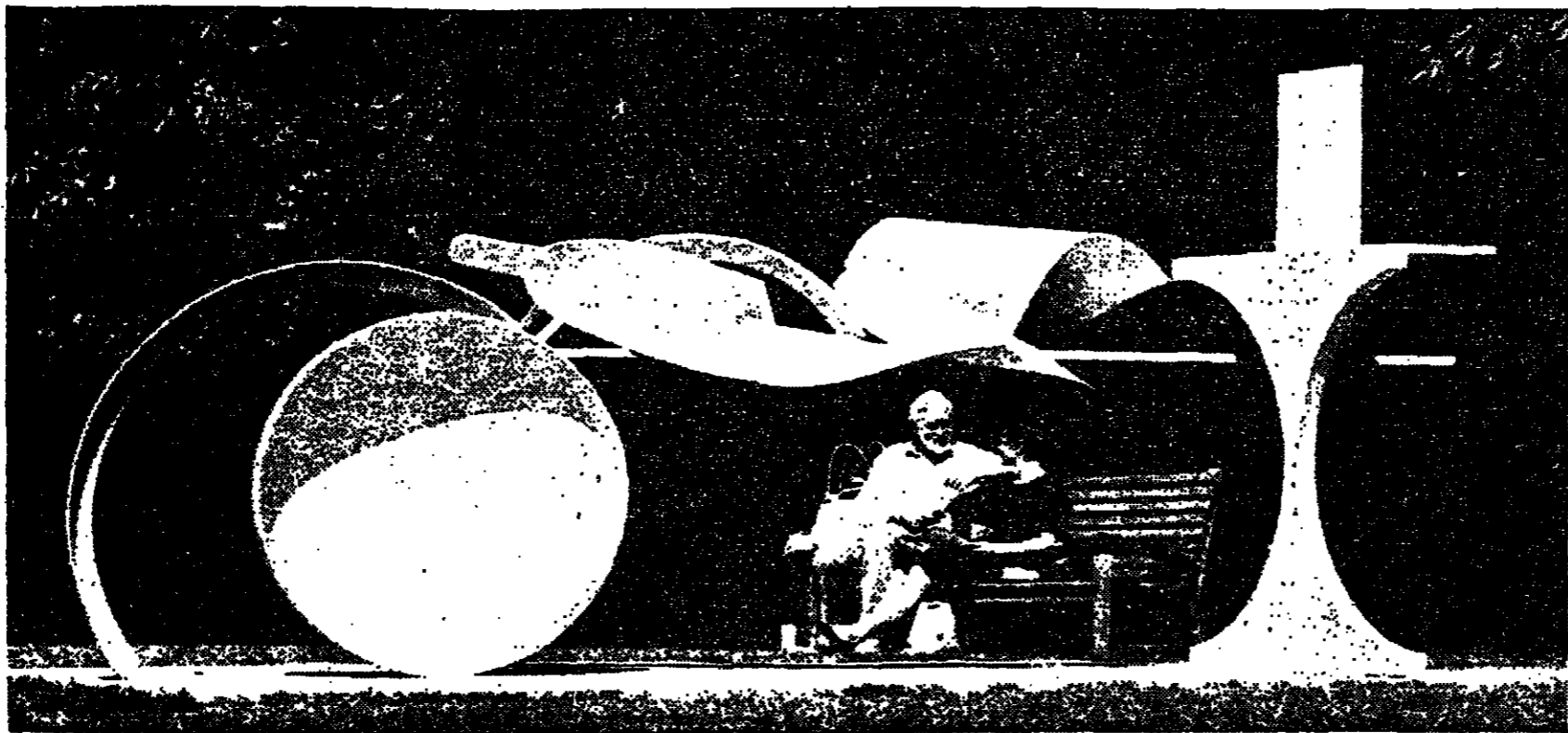


THE ARTS

Serpentine Gallery, London/William Packer

Anthony Caro at the cross-roads

The recent threat to the Arts Council's Serpentine and Hayward galleries by its own hand...



"Sun Feast," 1969-70, by Anthony Caro

The Council necessarily has a major part to play in such professional intercourse; yet it is to support and encourage the arts, the visual arts especially...

British, and one or two other of the national pavilions in Venice — and with the sun shining, and the trees coming into leaf, it is all but perfect.

Caro's reputation does indeed stand wonderfully high, second only to Henry Moore's in international terms...

material, his method one of building up, welding and bolting together rather than carving out or modelling his imagery and process firmly based in the constructivist tradition.

But appearances, as we should know by now, are inclined to be deceptive; difficult work? Yes, but not impossibly so to anyone prepared to allow it some serious consideration.

organically modern and magisterially as he was in the later sixties, the work then extending to great areas of floor space, and massively simple and austere.

There has always been a lightness of spirit, a certain buoyance in Caro's constructed and welded work, an elegance and delicacy of touch that has redeemed and lifted it somewhat even in his most ponderous and serious moments.

never carelessly, nor without the most particular discrimination, whether technical or aesthetic. He has shown himself to be, in short, a consummate stylist.

Miss Cooper is maturing into a pianist of considerable fastidiousness of style and technical control. For her recital on Sunday afternoon she had chosen a programme taxing not only her obvious virtuoso sense but in its calls for intellectual clarity and structural command — sonatas by Mozart and Schubert.

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Beethoven cycle/Festival Hall

Dominic Gill

Nothing in the penultimate concert of the LSO's Beethoven cycle under Abbado last Sunday soared aloft as the fourth piano concerto had done the previous week.

The chorus of critical displeasure (some of it rather crudely aimed) which has by and large greeted Abbado's first Beethoven cycle has been prompted more than anything by disappointment.

Elisabeth Söderström/St John's

David Murray

No pleasanter way of spending a spring lunch-hour comes to mind than listening to Miss Söderström. She was in fine voice yesterday (after a slightly pinched start), and not only straight soprano—in Schubert's "Erlkönig" she was tempted into impersonations, colourably and manfully for the father, alarmingly young and frail for the mother.

All her opening Liszt group of songs and all her Schubert were on Goethe texts, including "Freudvoll und leidvoll" as set by both composers: more explicitly acted-out by Liszt, lyrical simple with Schubert.

Merrily We Roll Along/Sherman, Cardiff

Martin Hoyle

What are we to do with Stephen Sondheim? On the one hand he can perpetrate the clumpily sub-Wildean pseudo-aphorisms of A Little Night Music with its blurring, busily tuneless score and eager reliance on the appetite for genteel kitsch evinced by blue-rimmed matrons of all sexes.

beautiful are revealed as embittered, shilly or ruthlessly egocentric, the story progresses backwards to end with the hero as student, movingly enunciating the principles of integrity we have already seen him abandon.

There is little contrast between selfish 1960 Franklin, the idealistic younger self—except that a different actor embodies middle-aged tycoonery. The cynicism of the original, the astringent irony used to the team's comedies, is here softened by having the old monster shake hands across the years with his younger self in what looks suspiciously like a sentimental gesture.

Possibly autobiographical, Sondheim's reworking emphasises the theme of friendship; perhaps intentionally, the most haunting number, "Good Things Going," emerges fortuitously as a love song for the words and music partners, Frank and Charley (Gilbert and Sullivan were never like this).

The score at least has the pace, sharpness and occasional dissonance that Sondheim's dialogue lacks. The author pre-empt criticism by making one character complain of the hero's infrequent tunes (touché). His young theatrical hopefulness reference to "writing clever little shows for those elements" evokes a whole emptily virtuosic milieu danderosely close to the real Sondheim, does a satirical number set in 1960 about the Kennedy clan.

As theatre the show is never less than gripping, though like many talented writer-composers Mr Sondheim is most effective when simplest. The moving, four-square chorus, "Our Time" (faintly reminiscent of "Exile" from the first Janacek's In the Mist, before the second Schoenberg's Six Little Pieces, Op. 19). Very little if any of it escaped her firm yet sensitive touch; stylistic distinctions were made, and points of argument outlined, in a way to indicate the degree of quiet scrupulousness and of hard thought that had gone into the making of each performance.

But, yesterday at least, a negative side to all these positives was also in evidence. Mozart's C minor Sonata, K475, and the C minor Sonata, K457, that forms its natural conclusion are works of passionate pre-Romantic anguish, poised (as it were) on the edge of the

Imogen Cooper/Elizabeth Hall

Max Loppert

Miss Cooper is maturing into a pianist of considerable fastidiousness of style and technical control. For her recital on Sunday afternoon she had chosen a programme taxing not only her obvious virtuoso sense but in its calls for intellectual clarity and structural command — sonatas by Mozart and Schubert.

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Belton House Sale

Antony Thorncroft

A sale of some of the contents of Belton House in Lincolnshire, now owned by the National Trust and open to the public, began yesterday on the premises with Christie's as the auctioneer.

Another London dealer, A & F Gordon, bought a Regency rosewood and parcel gilt chair for £25,000, and a pair of early George II giltwood window seats went to Partridge for £24,340. The same sum acquired a pair of Venetian lacquered and gilded games tables of the mid 18th century.

Arts Guide

Opera and Ballet

NEW YORK American Ballet Theatre (Metropolitan Opera House): The eight-week spring season of Mikhail Baryshnikov's company includes Baryshnikov, choreographed by Baryshnikov and Peter Anastos. Other season premieres include works by Tchaikovsky and Maurice Strakosky. The New Moon (Light Opera of Manhattan): Signed and set to music by French Louisiana in the 17th Century includes the songs Wanting You and Where's Come Back To Me. Ends May 27. 34 E 74th (8612284)

MUSIC/MONDAY, OPERA AND BALLET/TUESDAY, THEATRE/WEDNESDAY, EXHIBITIONS/THURSDAY. A selective guide to all the Arts appears each Friday. April 27-May 3 and conducted by Jeffrey Tate. Rudiger Wolters appears in the title role, Madame Butterfly, sung in Italian, last fine interpretations by Yoko Yamabe and Luis Lima. (851151) ITALY Milan: Teatro alla Scala: I Lombardi Alla Prima Crociata — a new production directed by Gabriele Lavia and conducted by Gianandrea Gavazzeni with Jose Carreras and Ghena Dimitrova. (809126) Bologna: Teatro Comunale: Lucrezia Borgia with Katalin Karolyi conducted by Gabriele Bellini. (222999) BRUSSELS Marriage of Figaro directed by Sylvain Cambreling with Felicity Lott as the Countess. Theatre Royale de la Monnaie. 20th Century Ballet, choreography by Maurice Béjart, with Messe Four Le Temps Futur. Cirque Royale. VIENNA Aida conducted by Lorin Maazel with Verónica Cangini, Vanne, Serris, Paolantoni, Salome conducted by Bohuslav Martinovic. Vienna State Opera. Salzburg: La Cenerentola conducted by Zedda with Holm, Hintermeier, Balsta. Staatsoper (5324/2653) PARIS Massenet's Werther conducted by Georges Frézet in Françoise Trépo's Commune production, with a superbly sung title role by Alfredo Kraus, admirably partnered by Lu-

Theatre in New York Not-so-Golden Age

One of the qualities of the white Anglo-Saxon American Protestants A. R. Gurney Jr. mines so successfully for his plays is their incommunicability. They may turn seedy and lose their grandeur through the dilution of their position and wealth, but they should never become so common as to be reduced to ciphers for a mere plot, especially one that revolves round money. Irene Worth has all the grandeur needed to sustain the Vesp image Gurney continues to portray with once affectionate and now icy accuracy. But The Golden Age (at the Jack Lawrence Theatre) catches her in a silly plot that has a handsome young academic traipsing round to her elegant East Side Manhattan town house and undiscovered F. Scott Fitzgerald writings. She wants to trade the young man's interest for a promise to support her granddaughter. Once an essay resolution comes with a romantic attachment between the attractive young pair, played by Stockard Channing and the new heart throb from Terms of Endearment, Jeff Daniels, the old lady warns her granddaughter of the pleasant but ambitious suitor/scholar. Back and forth the old lady manipulates the young people, who struggle against both her and the limitations the playwright wrote into the parts. Gurney's most notable play, The Dining Room, was remarkable for its economy of exposition as characters flew in the room, explained who they were, did their business and moved on. The Golden Age matters on about the old days, lacking affection, nostalgia or real interest. Perhaps the playwright assumed he was turning the tables by making the old lady, who had once had F. Scott Fitzgerald as a romantic lodger, into the mercenary one, while the young scholar has really come to the house out of a love of literature. He is shocked when the granddaughter lists the old lady's demands, including a \$10,000 advance and 50-50 split on a collaborative memoir of her. But any irony intended in the title merely violates the spirit of John Tillingier's reserved direction. Oliver Smith's sumptuous set and even the playwright's previous concern that the past, if not preserved, should at least not be prostituted, either.

NOTICE OF REDEMPTION To the Holders of ENTE NAZIONALE IDROCARBURI E.N.I. (National Hydrocarbons Authority) 6 3/4% Sinking Fund Debentures due June 1, 1988. NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on June 1, 1984 at the principal amount thereof \$750,000 principal amount of said Debentures, as follows: Outstanding Debentures of U.S. \$1,000 Each of Prefix "M" Bearing Serial Numbers Ending in the Following Two Digits: 20 24 30 49 82 96 Also Debentures of U.S. \$1,000 Each of Prefix "M" Bearing the Following Serial Numbers: 18 3418 5118 6118 7318 8618 9318 10418 12418 18518 20018 21218 22718 27018 28718 618 2818 3318 4218 7418 8518 9218 10518 12618 18718 20118 21418 23518 27118 28918 1018 3918 4518 6518 7718 8718 9818 11018 15218 18918 20118 21618 25018 29118 1218 4218 5618 6518 7718 7818 8818 9518 12818 15718 18018 20218 21718 23118 2818 29518 2918 4318 5718 618 7918 8918 9918 11218 12218 15318 18218 20318 22318 26418 28318 3218 4818 5818 7018 8118 9018 10218 12018 18218 19418 19518 21118 23918 25718 29618 3318 4918 5918 7218 8318 9218 10318 12118 18418 19218 20518 22518 28418 29418





## While Katy played yesterday, her mother made eighteen people feel a bit better

Katy's mother is one of those nurses who seem to make the whole ward happier when they are on duty. Yesterday, she cared for her patients with a bright and kindly attitude — and a quiet mind also, for she knew Katy was being well looked after at Barnardo's local day care centre. As a single parent, Katy's mother has faced many problems, and the last three years have been very tough. Now, with Barnardo's help, there is a new beginning. Since she returned to nursing six months ago, Katy's mother has been able to provide for her small daughter and herself, and begin to furnish their tiny flat. Best of all, she can see the benefit to Katy of mixing with other children and learning through play. Barnardo's caring makes a difference to the

community, where a great deal of their work is undertaken. Barnardo's specialised units for physically or mentally handicapped children, and their fostering and adoption centres are well known. But the latest developments focus on the problems of youngsters under stress. Currently, new projects are planned for teenagers who are in great need of guidance. As the needs of children increase, costs continue to climb. Please, would you help by sending a donation to Dr. Barnardo's, or by remembering their work in your will. That way you'll help to make over 9,000 children feel a bit better. Barnardo's will gladly send you information literature if you would like to write to them.



Dr Barnardo's, 332 Barnardo House, Tanners Lane, Barking, Essex IG6 4QG

This is a true story. To respect the privacy of those involved we have used models and fictional names.

### APPOINTMENTS

## NFC makes changes

NATIONAL FREIGHT CONSORTIUM has appointed Mr John D. Mather as chief executive, from October 7. Mr James K. Watson, finance director, has been appointed deputy chairman (finance), from January 1. Mr Peter Thompson, who agreed to accept the dual role of chairman and chief executive in October 1982 for a limited period only, until the new employee-owned consortium became established, will now relinquish his chief executive post to concentrate on the longer term aspects of the NFC as executive chairman. Mr Mather is group managing director, National Services Group and NFC Property Group.

Mrs Freda Lomas has joined the board of CONTAMINATION CONTROL APPAREL, Bolton, as production director. She has been manager in charge of production of CCA's clean room clothing and short-life and work garments since joining the company five years ago.

EXCESS INSURANCE GROUP has appointed Mr John R. Llanos as director, UK underwriting, and Mr J. White as deputy director, group marketing and corporate relations.

Mr Bob Savage has been promoted to engineering director by AUTOTENSE EQUIPMENT, Bicester, a subsidiary of United Technologies Corp, U.S. He joined Autotense Equipment

last year from Quest CAE, where he was technical manager in charge of computer-aided engineering. Ms Lorna Keast, has been appointed financial director of AUTOTENSE EQUIPMENT. She joined Autotense from another UTC subsidiary, Becker Lifts, where she was financial manager.

Mr Barry P. Laithe has been appointed secretary of the ROYAL AERONAUTICAL SOCIETY. He was executive director engineering at Short Brothers, Belfast.

SOFTWARE SCIENCES has appointed Ms Esther Dye as personnel director. She joins from parent company, Thorn EMI Information Technology, where she was administration controller.

Mr Paul Hewlett has been appointed director of quality by OTIS ELEVATOR. He was director of planning — special projects. Otis has appointed as director of personnel Mr Colin Coast, formerly management development manager.

Mr Arthur South has been appointed marketing director of TECHNICAL TRANSLATION INTERNATIONAL.

Mr Terry King-Smith has been appointed joint deputy managing director of GROUP 4 TOTAL SECURITY, with responsibility for all operational and market-



Mr James Watson (left) who becomes deputy chairman (finance) and Mr John Mather (right) who is made chief executive of the National Freight Consortium

ing activities in the UK. He joined as marketing director in November 1982 from Avis UK and became a member of the Group 4 board in January 1983.

TARMAC CONSTRUCTION INTERNATIONAL — overseas and UK major project arm of Tarmac Construction — has appointed Mr Brian Geogel as operations director. He rejoins Tarmac from Bovis Civil Engineering, where he was director of operations.

RICHARD BECKETT UNDERWRITING AGENCIES has appointed Mr Ralph Bailey as active underwriter of non-marine syndicate No 918. He

replaces Mr Michael Jackson, who has resigned. This appointment will take effect from a date to be agreed. Subject to the approval of the council of Lloyd's, Mr Bailey will become a director of the company. He is currently chief non-marine underwriter of Terra Nova Insurance Co.

Mr Barry C. Whittlesey has been appointed managing director of HUDSONS OFFSHORE. Previously, he was a director of Hudsons Freight Services International project division. Mr Fred Bristo who has worked for the Group during the past eight years, becomes a director of Hudsons Offshore.

### CONSTRUCTION CONTRACTS

## £3m for Haden Young

HADEN YOUNG, building services subsidiary of Haden, has four orders totalling £3m. Under a £680,000 sub-contract with Lovell Southern, Haden Young will design and install air conditioning, mechanical and electrical services for Surrey Heath Civic Offices at Camberley. As part of an "energy-conscious" new headquarters building in Glasgow for Coats Paton, Haden Young is constructing air conditioning and mechanical services at a value of £700,000. Also in Glasgow is a £1.19m order from Balfour Beatty for 11 kV switchgear and cabling, main electrical distribution and lighting, fire alarms and public address systems for a Property Services Agency building. For another PSA project, Haden Young will act as prime contractor in the Phase 2 refurbishment of a computer suite and office accommodation for the Department of National Savings in Durham.

A £873,000 contract from Anglian Tendabeeff Company, Croyd, is for the construction of an extension to its existing production facilities. Work will include new plant rooms, a cool store, a new office and an amenity block with welfare facilities. A design and build contract worth £1.07m has been awarded by Countrycross to build an industrial unit on the Mole Business Park, Leatherhead.

HALFOUR BEATTY has been awarded work totalling £2.5m. The north of England unit of Balfour Beatty has been awarded four contracts recently. The first, from Tyne and Wear County

Council, is for Pallion Access Road, stage two, Sunderland worth £276,000. The contract comprises the widening of 375 linear metres of single carriage-way from 7.3m to 10.3m at one end to facilitate access to Pallion Industrial Estate. A £103,000 order from the Property Services Agency, is for alterations to hangar 99 at RAF Caterick. The North Eastern Electricity Board has awarded a £74,780 contract for repairs and remedial work to a steel-framed portal building following mining subsidence at the NEEB Peshaw Depot, Durham Industrial Estate. The fourth contract, worth £163,000, is for English Industrial Estates for the construction of two traditional steel-frame blocks, each comprising four or five factory units.

Work includes building an office block on three levels with industrial space at the rear.

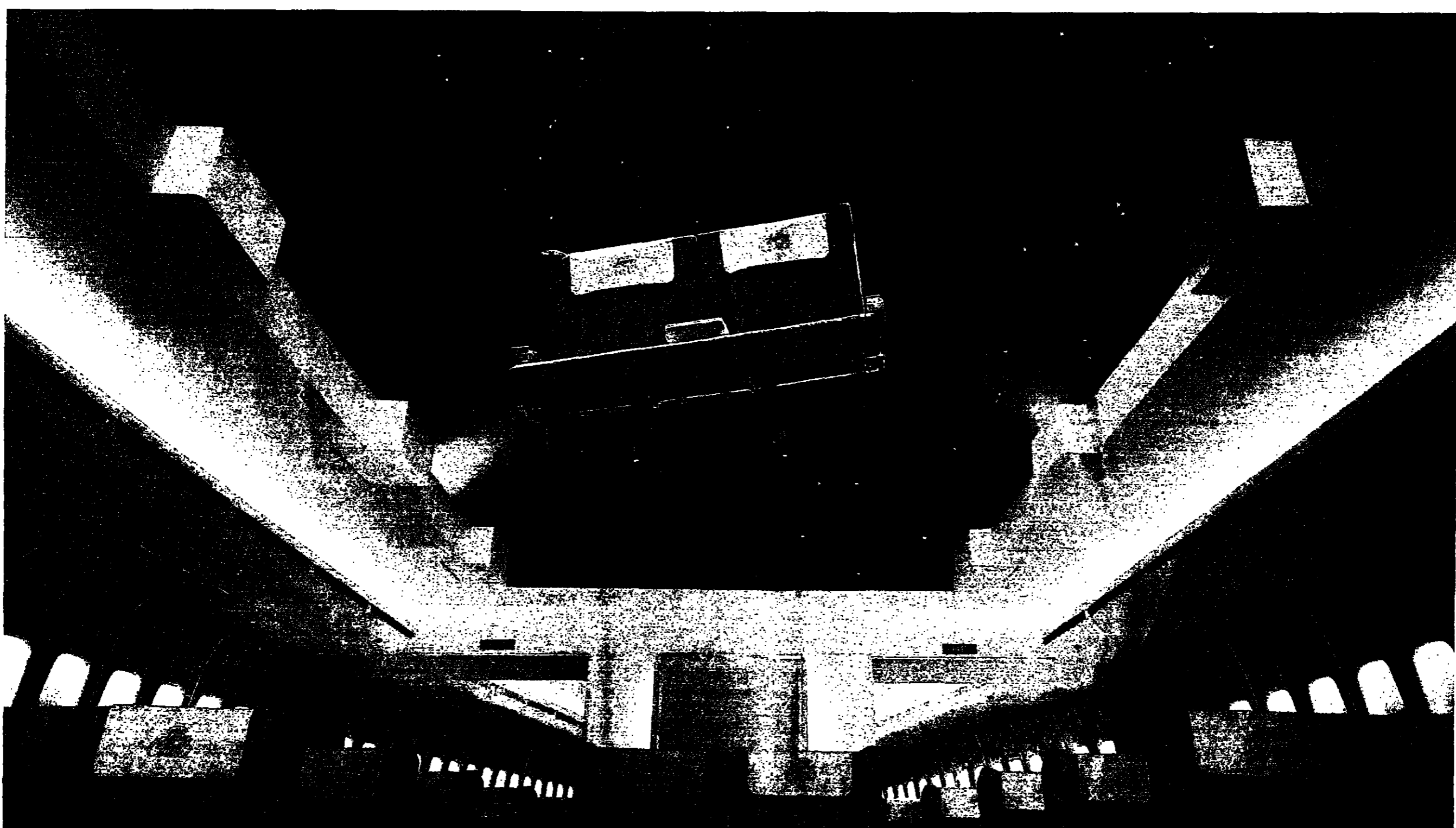
Twenty-five terraced houses in Collindale, together with four garages and outbuildings, are being demolished to make way for six two-storey blocks of flats. The £916,169 contract, in Booth Road, is being carried out by the South Eastern Region of JOHN LAING CONSTRUCTION for the London Borough of Barnet housing department and will take just over a year to complete. There will be 40 flats within the development, each of which will have its own door at garden level. Nineteen of the flats will provide sheltered accommodation for elderly people to rent and there will be a warden's flat to serve the scheme. The other flats will provide ten two-person and ten three-person flats for rent.

WREKIN CONSTRUCTION CO has received a £360,000 contract from Welsh Water for part of a scheme designed to protect the centre of Bridgend, Mid-Glamorgan, from flooding by the River Ogwr. Permanent sheet piling will be driven into the river bed to protect existing foundations. In situ concrete bases and walls will be built on these and completely concealed

by precast concrete wall sections with specially textured faces compatible with the surroundings. The contract covers the second of the three stages in the flood protection scheme and is scheduled for completion in the summer of 1985.

HEWGATE CONSTRUCTION, Aylesbury, has been awarded a £600,000 contract for the design and construction of 28 flats for W. Lucy and Co. The flats are being sited alongside the Oxford canal, on land which was previously occupied by Victorian houses.

CAPITAL CHAPMAN GROUP has been successful in its tenders for two school contracts, each worth about £500,000. For Hampshire County Council, work is about to start on alterations and extensions to Petersfield County Primary School. The contract covers the insertion of an extra floor within the existing school structure, two new wings and extensive external works. For Surrey County Council, an extension to Woolmer Hill School will comprise a separate block, of single-storey construction, around a courtyard. Work on both projects will be carried out by Chapman Lomay and Pittieck, and will be completed in the summer of 1985.



## The widest seat in the air.



Our new Super Club business class offers you the widest seats in the air. So wide that they aren't the easiest to fit through the door. And so wide that

there is only room to fit them in six abreast instead of the usual eight. But though the seats may be few and far between, the cabin attendants are not. There

are just as many of them as before, which means they can now give you more personal care and attention than ever.

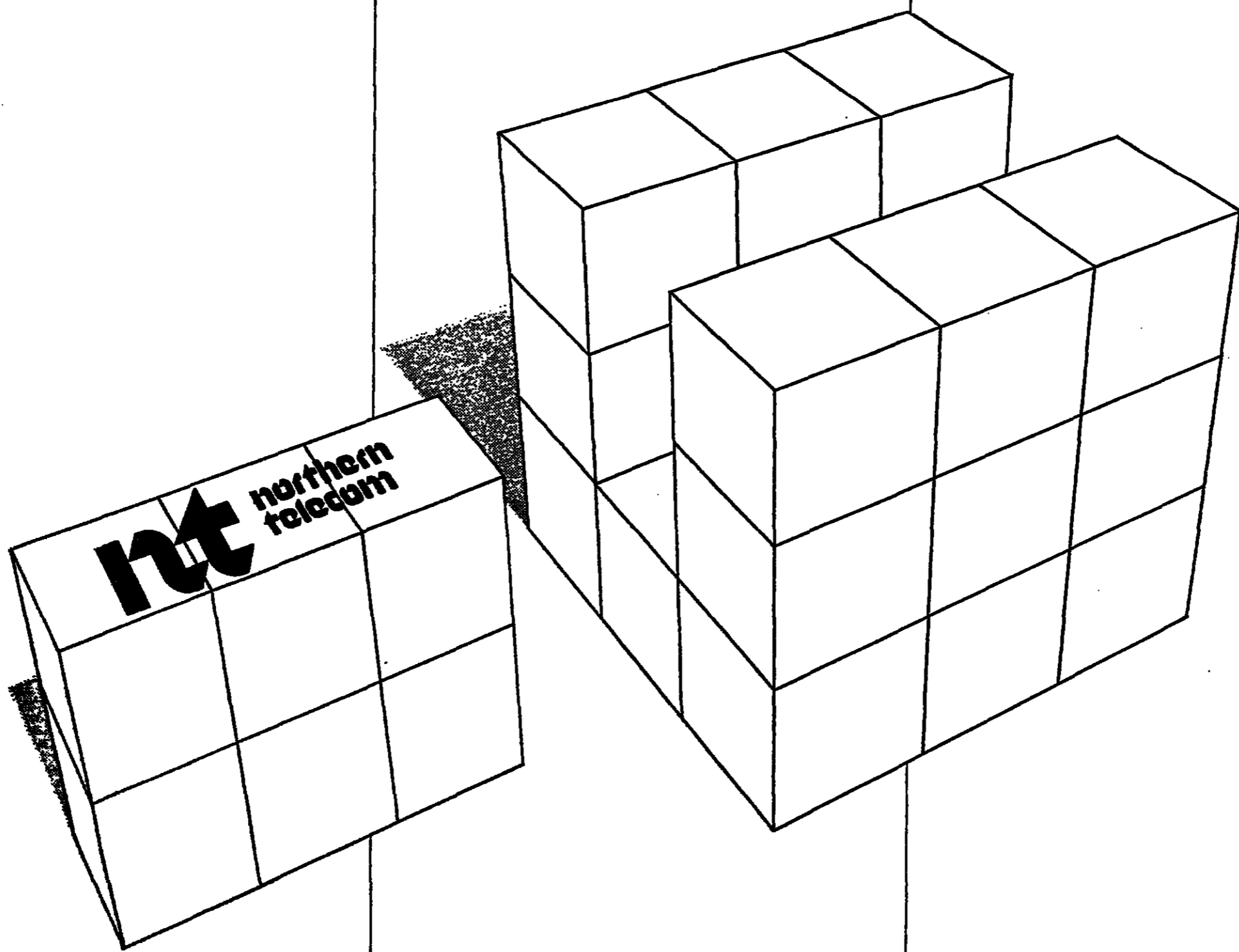
So now Super Club is on all our long-haul routes, you'll find that however far you go your flight will be a calm and restful one.



The world's favourite airline.



# NORTHERN TELECOM. BUILDING THE TELECOMMUNICATIONS FUTURE.



In 1976, Northern Telecom announced the Digital World\* changing the course of world telecommunications development. It committed the company to being the first to produce a complete family of fully digital switching and transmission systems.

Digital World made obsolete the analogue telecommunications equipment being produced by other manufacturers. In time, and in turn, they followed the Northern Telecom lead. And, they are still following.

Digital World revolutionized the concepts and practices of communications and information management and accelerated the merging of the telecommunications, computer, and data-processing industries. It made possible the future of effective information-management.

#### WORLD LEADERSHIP IN DIGITAL TECHNOLOGY

Northern Telecom today is the world's largest manufacturer of fully digital systems and services. It has in service, or on order, the equivalent of some 16 million lines of fully digital switching and transmission systems—more than any other company. Northern Telecom is a leader in the development and manufacture of computers and custom large-scale integrated circuits for telecommunications.

It has one of the most proven records in the development of successful and innovative telecommunications software.

#### UNMATCHED GLOBAL SUCCESS

In the United States, the world's largest and most competitive national market, Northern Telecom's DMS\* (Digital Multiplex Systems) Family of digital

central office switches has been sold to, or is in service with, 21 of the 22 U.S. Bell operating companies and all other major telephone companies.

Northern Telecom is the largest supplier of digital telecommunications systems to the U.S. military. It is a principal source of such equipment for the U.S. specialized and resale common carriers, governments, private corporations, and major institutions, such as universities and hospitals.

It was the first telecommunications equipment manufacturer to introduce integrated voice and data capability with its family of SL\* digital PBXs. The SL Family ranges from 30 lines to 30,000 lines and includes the largest digital PBX available. The SL-1 is in use in 45 countries.

Financial and telecommunications organisations around the world are using the Northern Telecom SL-10 data packet switch. The U.S. Federal Reserve System handles fund transfers of more than US\$100 trillion a year on its 14-node SL-10 system. SL-10 is used by the West German Bundespost, and in the United Kingdom, Canada, the U.S., Hong Kong, Switzerland, Portugal, Belgium, Austria, and the Republic of Ireland.

In the data-processing field, Northern Telecom systems are in use in North America and throughout Europe. More than 3,500 systems, worth £45 million, have been exported from England to Europe during the last 5 years. The Displayphone\* terminal was the world's first combination telephone and computer terminal.

#### COMMITMENT TO RESEARCH AND DEVELOPMENT

Northern Telecom's technological and market leadership is based on a long-term commitment to

market-driven research and development, which has already produced a decade of telecommunications firsts. Northern Telecom is presently investing nearly 10 percent of total worldwide revenues in R&D each year.

A major portion of future R&D expenditures will be devoted to products and systems for the OPEN World\* programme announced in 1982. An acronym for Open Protocol Enhanced Networks, OPEN World is the company's mandate to bring order out of information-management chaos.

As one element of the OPEN World, Northern Telecom is making available to other manufacturers of data-processing and computing equipment the proprietary protocols to its switching systems. This will permit a great variety of information management equipment and products to work together in a single system.

Northern Telecom's 39,000 employees are based throughout the world in sales and services offices, 37 research and development centres, and 46 manufacturing plants.

With them, and through them, Northern Telecom continues to lead the industry and build the global telecommunications systems of the future.

For more information on Northern Telecom and its products contact: Northern Telecom plc., Berkeley Square House, Berkeley Square, London W1X 5LE. Telephone: 01-491 4599.



\*Trademark of Northern Telecom Limited

**THE LARGEST SUPPLIER OF FULLY DIGITAL SYSTEMS IN THE WORLD.**

# FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 4BY  
Telegrams: Finantimo, London FS4. Telex: 6954671  
Telephone: 01-248 8000

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## Regulating the City

THE PERIOD for submission of opinions on Professor Jim Gower's Review of Investor Protection closed yesterday, almost three years after Prof Gower was first appointed to advise the Department of Trade.

He has conducted a highly impressive analysis of a complex subject. But in considering his conclusions, Mr Norman Tebbit, Secretary of State for Trade and Industry, will be very much aware that Prof Gower has been shooting at a moving target.

The original concern was focused upon fringe financial operators, and upon areas such as commodities where the arrangements for the protection of non-professional investors have been poorly developed.

But the financial markets have now embarked upon a period of fundamental change. The barriers that have separated different types of institution, such as stockbrokers, banks and insurance companies are breaking down. While this revolution need not wholly invalidate Prof Gower's broad conclusions, it must have a substantial bearing on the way in which the balance of power is struck in the new framework.

The fundamental decision for the Government concerns the way in which statutory control and self-regulation are welded together in an effective partnership. Any workable system must have elements of both.

### Position

If itself, a statutory body would tend to strangle the markets it sought to regulate, because its bureaucracy would become overwhelming and it could not react fast enough to keep up with the changing needs of the investors it was supposed to be looking after. And self-regulated organisations, though sensitive to changing conditions in their own markets, would tend to lean towards the interests of their own members rather than those of the public unless they were kept under close supervision.

Until now, it has been right to pick a position towards the self-regulatory end of this spectrum. But the arguments are not natural administrators of sophisticated financial markets. And Britain's markets are comparatively centralised—obviating the need for a U.S.-style Securities and Exchange Commission with the task of imposing consistency on much more diversified markets across America.

But, the picture in the UK is changing in two ways. First, the investment markets are becoming more fragmented, with the growth of commodity and financial futures exchanges which cater for quite small investors, and with the expansion of the network of securities dealers outside the Stock Exchange—leading to an embryonic over-the-counter market in listed securities.

Second, a new kind of integrated securities business is being created in the UK, and it is expected that a number will take on an international nature. It cannot be realistic to expect that such multifaceted giants could be properly kept in order by self-regulatory agencies, even tough ones like the Stock Exchange.

It is therefore time to be thinking in terms of a much stronger statutory agency to safeguard investor protection than has been traditionally in the UK. This does not mean simply copying the U.S. model of an SEC: conditions remain different in the UK where the Stock Exchange has a long history and still be delegated the authority to monitor the affairs of listed companies. It does, however, imply the creation of a body to intervene more widely on the basis of increased statutory powers.

In some areas this is not a new. Banks, insurance companies and unit trusts are already under strict statutory control, at least in the major parts of their operations. It would be possible for the Department of Trade simply to expand its existing activities, and it would be more possible to monitor unit trusts and licensed dealers in securities.

There might well be important advantages, however, in the establishment of a clearly separate agency, albeit still responsible to the Secretary of State. As a more visible body, it could attract specialised executives—many of whom would need personal experience of the investment markets—and it would be more possible for outsiders to judge its performance.

Such a commission—if the City of London will swallow the word—would still need to oversee through a variety of effective regulatory agencies, roughly in the way envisaged by Prof Gower. But if the statutory body were given sufficient authority and scope, these SRAs could be more numerous, and individuals weaker, than Prof Gower appears to recommend. This would tie in better with the apparently limited ambitions of many of the City's existing trade associations.

Such a commission in the regulatory framework would ideally be given extended consideration. But the reshaping of the financial markets is meanwhile pushing ahead rapidly. Mr Tebbit's task is not to let his mind be taken by a highly complex subject, but to make it up quickly.



## BRITAIN'S MINI ELECTION

BRITAIN'S Government and opposition parties are awaiting Thursday's local elections and three Parliamentary by-elections—the first nationwide test of political opinion since the general election—with a greater level of interest than usual, which is more than can be said for most of the voters expected to participate.

Until very recently it looked rather gloomy for the Government. The Labour Party was revitalised and had drawn neck and neck in the opinion polls and the Conservatives had become accident prone in Parliament. The most recent opinion polls show this to be changing again with the miners' strike putting the Conservatives back in a healthy lead.

None of the seats in the three Parliamentary by-elections of South West Surrey (Con), Stafford (Con) and Cynon Valley (Lab) was expected to change hands so the interest surrounds the relative performance of each party. The miners do not appear to be helping Labour.

How far this will also affect the local polls is unclear but in a year lacking a major local issues it could easily become a factor.

In the absence of many very high rate rises and a lack of burning local issues in most areas, voting patterns are more likely to be either confirming or refuting popularity trends.

All the evidence so far is that the local electorate is in a rather cool and detached mood. That is not to say it will not turn out and vote, especially if the sun keeps shining.

Thursday's elections will be for a third of council seats in each of the 36 English metropolitan districts and for a third of the seats in 123 of the 296 English shire districts. In Scotland every council seat in all 53 districts will be up for election, all on new boundaries, and in Wales one-third of the seats in six of the shire districts will be contested. There are no elections in London this year.

Previous local elections have generally produced poor results for the party in power at Westminster. On top of that the Tories have other difficulties. The "Falklands factor" which dominated the 1982 local elections and gave the Government party victories in unthinkable areas, appears finally to have evaporated. This will be very significant in 13 metropolitan districts which last had elections in 1982, including this year's grand prize, Birmingham, which the Tories captured with a majority of just three.

Another source of unease for the Conservatives on Thursday is the contentious local government legislation which has attracted such widespread and persistently hostile comment among all political parties. The rate-capping proposals, in particular, which would give the Government the power to limit councils' expenditure and rate rises, has become an issue everywhere. Candidates of all parties have gone out of their way to emphasise that they oppose the idea.

Unusually, the Conservative leadership is playing the national issues of rate-capping and abolition of the metropolitan counties as a key card in the local election campaign in spite of the deep unpopularity of the policies among many of its own councillors and candidates.

Mr Patrick Jenkin, Environment Secretary, who has been embattled in Parliament since the Rates Bill started its progress, has tried recently to present it as "protection for the ratepayer".

The Labour Party is taking the issue up. "Rate Capping or Blood Letting? Quality of Life at Risk," says a typical leaflet.



All eyes on the town hall voting patterns this Thursday: Mrs Margaret Thatcher (left), Mr Neil Kinnock (right) and Mr David Steel and Dr David Owen (bottom right)

A bad result for the Conservatives nationally this week in England and the few Welsh Councils with polls will be hailed by opponents partly as a rejection of this level of central involvement in local affairs. Similarly, a poor Tory performance in Scotland, which has already enacted such legislation, will be interpreted as a rebuff for the powers given to the Secretary of State for Scotland to set suitable local rate levels.

This will all be as much of an exaggeration as Tory claims to the opposite effect if they do well. But there is some validity to it and the extent to which the term "rate-capping" has entered the general vocabulary is rather surprising.

In just one city this year, however, the importance of the result on Thursday cannot be overstated: Liverpool (which is the subject of a special article elsewhere in today's FT).

The city is run by a Labour group with a majority of one, has no budget and no rate for the current year and is fighting the election on the basis of seeking massive local support

for its policy of confrontation with the Government over cuts. All the signs are that it will win that support impressively.

Liverpool has been at the forefront of the campaign that has been the Labour Party's main electioneering base this year: the support of services against further cuts, coupled with graphic claims about the effect of the reductions in the Government's level of rate support grant. This style of "we'll look after the local things that matter better than anybody else" is clearly starting to have some impact after years of cuts and penance.

But in many shire areas, away from the big cities, the Labour Party is still saddled with the problem of the changing nature of local Labour parties. In many places moderates are being steadily replaced by the Left, whose enthusiasm for itself—in the Home Counties at least—appears to be "the committed".

This, of course, is what caused the breakthrough formation of the Social Democrat Party. But the SDP does still not appear to

have got to grips with local (as opposed to Parliamentary) elections. They say this is partly due to chronic lack of organisational and campaign experience—an excuse which is now wearing extremely thin—and partly due to the type of candidates the SDP produces.

They tend to be young, upwardly mobile professionals, often with young families, who do not always realise that winning a council seat for the party is the beginning and not the end. What follows, if the party is to be effective, is hours of work, reading, meetings and strategy plotting. This often conflicts with professional and family life.

Some SDP councillors therefore develop a poor attendance record and the party ends up wrongfooted in the council chamber. The Liberal end of the Alliance is less prone to this weakness, partly because it has a much longer history of local government experience.

The Alliance is starting to have a doorstep problem, however, as voters first see how few Alliance councillors are returned compared with the

persistently high proportion of the vote—often around 25 per cent—and then how ineffective they can be on the council.

A positive factor for the Alliance, and one which makes this an important litmus test of their national standing with local electorates, is that the majority of this week's seats were last contested in 1980. That was before the impact of Asian voters and a very good year for Labour. This means Labour's scope for major gains in those councils is limited but also that the SDP has to knock Labour hard in all those areas if it is to prove that it is still attracting substantial support away from Labour.

Two other unpredictable aspects of the elections which could prove particularly interesting are the impact of Asian voters and the difference in the state of the parties in national and local opinion polls.

A fascinating study by Dr Michel Le Lohé, of Bradford University, "Ethnic Minority Participation in Local Elections," shows that the Asian community now consistently turns out to vote in local elections in proportionally much larger numbers than the rest of the community, and votes Labour by an overwhelming majority.

An analysis in one ward of Rochdale in 1981 showed 44 per cent of Asians voted compared with 29 per cent of all other groups and in Bradford's University ward the same year 58 per cent of the Asians voted compared with 23 per cent of the others.

This pattern is repeated throughout the Asian communities and, as they have so far remained loyal to Labour, this remains a reliable guess that party an added edge in several cities such as Leicester and parts of Leeds and Bradford.

The latest MORI opinion poll, published in the Sunday Times, shows that the Conservatives nationally appear to have moved ahead of Labour, after some months of parity, and now have 42 per cent support against 36 for Labour and 20 per cent for the Alliance. However, Council by-election performance shows Labour still ahead of Conservative and the Alliance much stronger than it appears nationally—nearer 30 per cent of the vote than 20 per cent.

A New Statesman analysis also shows March was the worst month for the Tories in council by-elections since the Falklands war. They lost eight out of their 16 seats and gained just one. Five of the losses were to Liberals and three to independents.

Labour had one of its best months losing only one of the 11 seats it was defending and gaining two. The SDP did badly losing both its seats and gaining one. Their Liberal allies did very well losing one out of four but gaining six more.

Which leaves it all, as every year, wide open but with the Tories biting their nails more anxiously than the rest.

## THE RESULTS: WHAT TO WATCH FOR

**CONSERVATIVES**  
They will be doing well if they:  
● lose St Albans or Southampton;  
● get pushed into third place often by the Alliance;  
● there is a very low turnout.  
● can hold Birmingham;  
● win Bristol, Bradford and Worcester;  
● can push Labour out of overall control in Basildon;  
● can hold Reading.  
They will be doing badly if they:  
● lose control of more than 10 councils;

**LABOUR**  
They will be doing well if they:  
● can take Dudley;  
● increase their majority of one in Liverpool;  
● win Edinburgh;  
● win control of more than 10 authorities.  
They will be doing badly if they:  
● lose control of any council;  
● fail to regain Birmingham;  
● fail to become the majority party in Stirling;  
● cannot gain control of Stockport or Brighton.

**ALLIANCE**  
SDP-Liberals will be doing well if they:  
● take North East Fife;  
● become the second largest party in York;  
● can take either Cheltenham or Eastbourne;  
● the number of hung councils increases.  
They will be doing badly if they:  
● lose control of Adur or Hereford;  
● fail to take 25 per cent of the vote overall;  
● do not take Inverclyde;  
● third place appears to be natural slot.

## Reagan warm, China cool

PRESIDENT REAGAN'S trip to China has not been his foreign policy success he might have hoped for in a U.S. Presidential election year.

His speeches have been censored on Chinese television, despite reports that they would be broadcast to the Chinese people in full. He has, at least according to Chinese accounts, been criticised for U.S. policy in Central America, the Middle East, and the Euro-nuclear theatre.

Mr Reagan, despite hopes to the contrary, failed to prevent Chinese leaders speaking out bluntly against U.S. support for the nationalist regime in Taiwan. Chinese irritation with Mr Reagan's personal commitment to Taiwan was driven home by Deng Xiaoping, the Chinese leader, who repeated at the weekend that the question of Taiwan remained an important source of conflict between the two countries.

A more balanced view of the trip's real achievements may emerge when the U.S. President returns home to explain more fully his side of the story. For the moment the over-riding impression is of a rebuff which the president and his advisers have at least partly invited.

Mr Reagan should have realised that he could hardly go to Peking and lambast the Soviet Union at a time when China is trying to mend its own fences with Moscow. The present, pragmatic Chinese leadership has been signalling for some time that it wants a more balanced foreign policy in which the Soviet Union and the United States play. Next month Mr Ivan Arkhipov, the Soviet First Deputy Prime Minister will become the most senior Kremlin official for over a decade to visit Peking for talks.

Mr Reagan may still be able to make some electoral mileage from his trip, if only from the pageantry and the symbolism and from the fact that he went to a Communist capital and spoke his mind. But, first in the Department's unease at the mixing of electioneering and foreign policy has proved justified.

**Momentum**  
It will be worrying if the trip slows the momentum of the gradual improvement of relations with the People's Republic over the past decade. There is already a chorus of voices in the U.S. arguing that China benefits a great deal more from the relationship than does America.

More damaging perhaps, many Beijing supporters will argue that China has weakened U.S. support for Taiwan and diverted American thinking from where Washington's real interests in Asia lie—namely with Japan.

Mr Reagan should certainly ponder the lessons of this trip. Perhaps the most important is that the concept of a Peking-Washington axis based upon a common determination to resist Soviet expansionism is no longer realistic.

But this reassessment does not mean that the President should allow himself to be deterred from the constructive job of establishing a solid bedrock of relations between the two nations. For all its inefficiencies and the arbitrary nature of its rule, Deng Xiaoping's regime has given China its longest period of stability and progress since Liberation in 1949.

The awesome job of opening up and modernising China's economy is under way. Deng is engaged in sweeping out the last pockets of left-wing resistance in the party's ranks. China is also, at last, fashioning a foreign policy which is less ideological and more pragmatic in its approach. These are important initiatives which, if successful, will pay dividends for China by making it more stable and, therefore, a more credible trading partner with the rest of the world.

## New lines for National Freight

The City can expect to hear more from the long-planned National Freight Consortium after October when Sir Peter Thompson, currently chairman and chief executive, relinquishes the latter role to concentrate on planning and longer term strategy.

Although the earliest date for flotation of NFC is February 1987 (five years after the employees bought their company from the Government), several years of planning would go amiss if this is the course the shareholders decide they wish to pursue.

As the only trading in the shares is now between employees and ex-employees, the city has displayed far less interest in the pioneering NFC than those politicians who cite it as a brilliant example of what employees can achieve when liberated from the yoke of the state.

Sir Peter, aged 58, will be helped by James Watson, currently finance director, who will become deputy chairman (finance) from next January.

It was agreed between the board and Sir Peter some time ago that the two jobs of chairman and chief executive should be split when progress in the group made this possible.

The new chief executive, who takes over in October, will be Jack Mather, aged 48.

In keeping with top appointments within NFC in the past Mather is an internal appointee. He has had management experience in most of the group's transport and travel activities including heading the property group.

The rationalisation of NFC's extensive property interests has been the key to the successful development of NFC within the private sector during a harsh economic climate for the transport industry.

Mather is one of five group managing directors—and the youngest bar one.

As well as property he heads up the special traffic group, an

## Men and Matters

amalgam of services which has not done as well as Sir Peter hoped when setting it up.

**Golden bottles**  
Claude Taittinger, president of the family firm Champagne Taittinger—one of the handful of family firms not yet bought out in the champagne business—is so fed up with the abuses suffered by his fine wine in the supermarket shelves that he has taken action to protect his product.

"They have failed to resolve the environmental problems caused by ultra violet rays, and the obvious effects of a cork which dries out due to bottles being stored upright," he complained during a fleeting visit to London yesterday.

His brainwave is to sheath bottles in protective gold-toned plastic coating which, he promises us, "protects the wine

## Fairey tale

When young John Gregson was the errand boy at Fairey he got a roasting from his boss—the commissionaire. Gregson, then aged 15, was caught trying on the bowler hat of King George VI, who was visiting the firm.

Whatever happened to the commissionaire is not recorded. But Gregson stayed on for a further 45 years and is now Lord Gregson, a director of the company.

Derek Kingsbury, chief executive of Fairey, has just given a dinner for his colleague and 180 guests, reasoning that after

## Wet ground

In an effort to placate Britain's 450,000 nurses, Social Services Secretary Norman Fowler strayed into dangerous ideological grounds yesterday.

While the wetness of some of Fowler's remarks to the annual conference of the Royal College of Nursing may have taken something from the damp air of the Yorkshire spa town of Harrogate, his advocacy of consensus was in marked contrast to Mrs Thatcher's view.

In her recent Panorama interview, the Prime Minister virtually redefined consensus not as agreement, but as conviction—or at least, as an agreement by everyone on the basis of her own convictions.

But contrast Fowler: "Consensus is vital to the management of any organisation, and it is particularly vital in a multi-professional body like the National Health Service where the objective of management is to enable professionals to provide services to patients."

"A good manager by definition takes others with him. Decisions need to command the confidence of those who have to carry them through, if they are going to be fully effective."

**Quality in an age of change.**

so long with the company Gregson should not have to wait another five years until his retirement.

For Gregson the dominating theme of his long stint at the engineering face has been the advance of manufacturing technology. Highlights include his work for the post-war nuclear industry, and in the mid-1950s, computer controlled machine tools to sculpt complex aircraft sections out of solid metal.

**Market forces**  
From New York comes the story of the bankrupt stockbroker who was about to end it all when he heard a quiet voice say: "Cheer up, my friend. Things could be worse."

So he cheered up—and sure enough, things got worse.

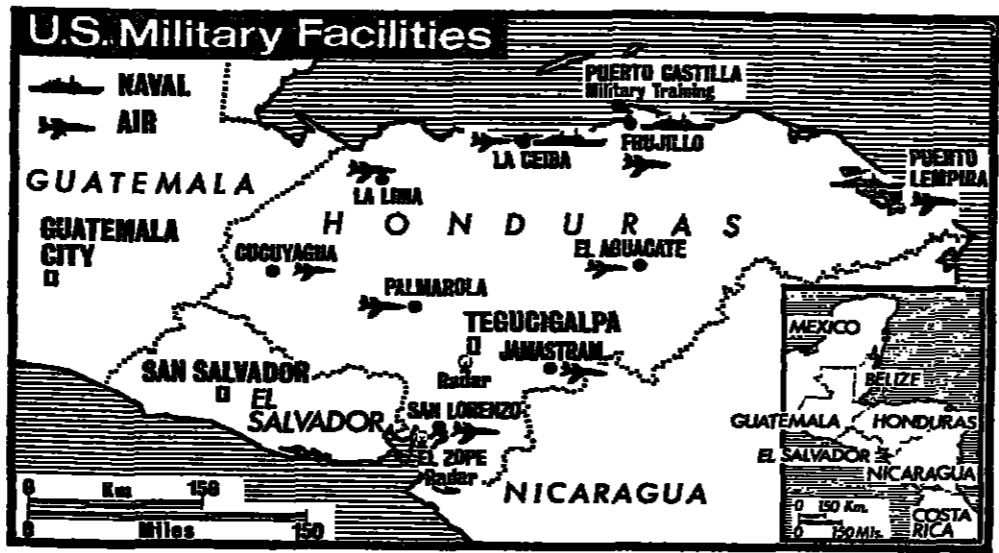
**Observer**



CENTRAL AMERICA

Reagan's creeping commitment

By Robert Graham, recently in Tegucigalpa



Martyr Barnes

THE HONDURAN farmers picked the cotton just before we arrived...

Col Fredericks' men began leveling the airstrip on April 10 and expect to finish within 60 days...

The airstrip is strategically located at Jamasram, 20 miles from the Nicaraguan border...

Infrastructure to launch large-scale intervention

schedule at Cucuyagua, in the strategic triangle of Honduras which borders both Guatemala and El Salvador.

Together they are the latest example of growing physical U.S. involvement in Central America...

U.S. officers in Honduras insist such facilities are temporary, part of continuing joint exercises with the Honduran military that began 14 months ago.

But they admit that Jamasram and its sister airstrip can be "adapted to meet the temporary needs of the situation."

Officially the U.S. presence in Honduras is only to train the Honduran army forces and provide proper "environmental training" for the American army.

In less than two years the U.S. has established the essential infrastructure to launch a large scale intervention anywhere in Central America from Honduras.

By June the U.S. will have operational four airstrips and four hard top airfields in Honduras...

Five years ago there were no more than 30 Americans in uniform throughout the country.

U.S. officers in Honduras insist such facilities are temporary, part of continuing joint exercises with the Honduran military that began 14 months ago.

directly involved with men, weapons and money in Central America than any time since the late twenties when U.S. marines were sent to crush the Nicaraguan nationalist General A. C. Sandino.

President Reagan appears to have three aims: 1. Harass the Sandinista regime in Nicaragua through the threat of intervention...

2. Cut the flow of supplies from Nicaragua to the left-wing rebels in El Salvador.

3. Support the Government of El Salvador to beat these rebels grouped under the FDR/FMLN organisation.

Congressional objections to this policy have received a good deal of publicity—most recently the furor over the CIA's direct involvement in the mining of Nicaraguan ports and cuts in emergency military aid to El Salvador.

human rights improvements in El Salvador.

President Reagan has tended to treat these as irritations to be bypassed. Before Easter, for instance, he side-stepped the congressional deadline on \$62m worth of emergency military aid to El Salvador by invoking a special clause in foreign assistance legislation which enables funds to be handed over and accounted for 60 days later.

The military presence in Honduras is in part a device to circumvent President Reagan's own self-imposed limit of 55 American military advisers in El Salvador.

A training centre was set up last year on the Atlantic coast of Honduras at Puerto Castilla. Here over 100 Special Forces are training El Salvadorians (1,500 last year, 3,400 this year) and Hondurans.

The Administration has also redefined what it regards as military personnel, effectively raising the number in the country to 97. This was largely achieved by hooding the Defence Attaché's office in the San Salvador embassy to 26, including two helicopter crews.

Another tactic of the Reagan Administration has been to blur the sources of funding for operations in Central America. Part of the radar, aerial reconnaissance and the airstrips have been set up as "temporary" facilities funded from the Federal Defense training budget.

Part of the radar, aerial reconnaissance and the airstrips have been set up as "temporary" facilities funded from the Federal Defense training budget. No cost of the 14 months of exercises in and off Honduras has been given.

In the case of El Salvador an important slice of economic assistance comes as a result of including it in the Caribbean Basin Initiative—it is the largest consumer of funds in the CBI even though it has no Caribbean coast.

Those responsible for policy like Mr. Ike contend that vigorous assertion of American authority in the past two years has frightened the Cubans, kept the Soviets at a distance, forced the Sandinistas to be less belligerent towards their neighbours and given the Salvador government the edge against the guerrillas.

Administration critics like Mr Wayne Smith, a former diplomat and expert on Central America, now at the Carnegie Endowment in Washington, are less sanguine.

"All that has happened is that the stakes have been raised and we are having to provide more of everything," he says. In four years economic and military aid to Honduras has moved from \$58m to \$247m, while in the case of El Salvador it has jumped from \$246m to a projected \$573m.

"In 1981 we were being told there were 3,500 guerrillas and the Salvador army was too small to cope. Now our defence people tell us there are 12,000 guerrillas and the army is still too small, needing to be raised to over 50,000," Mr Smith adds.

President Reagan's advisers argue that given more aid and more time the tide will turn. There is an inexorable process about the way in which such an attitude leads to increased involvement. Take the case of the improved intelligence now provided by the U.S. This is only useful if acted on quickly. But that requires a substantial delivery of helicopters, perhaps doubling the present fleet to 40. These will in turn require gunships for protection and medevac helicopters to evacuate the wounded.

Greater action means more ammunition, more casualties, more attrition of material and almost certainly more U.S. advice "close" to the battlefield.

To "win" on President Reagan's terms will require more money and physical involvement. Even if people believe he is basically right in wanting to protect U.S. interests in Central America, he may find it increasingly hard to justify the present approach instead of a diplomatic one in trying to bring peace to the region.

What do you think the clearing bank chiefs expect to get out of their investments in stock exchange firms? a) An invitation to Royal Ascot. b) A new salary structure. c) They don't know.

Lombard Test your City knowledge

By Richard Lambert

A MAJOR upheaval is under way in London's financial community. How closely in touch are you with what is going on? Test your skill and knowledge in the FT City Shake-up Quiz.

Who do you think kicked off a discussion paper about the future of the securities industry with the phrase: "The starting point is the proposition that the Stock Exchange is itself an enduring institution"?

How many times do you think the Stock Exchange Council sent its paper on the future of the marketplace back to be re-drafted?

You are the Governor of the Bank of England. The top men from Reuters request an interview, and tell you that in return for a modest sum they can set you up an electronic dealing and monitoring system for the gilt-edged market in double-quick time.

What do you think the private investor will gain from the move to negotiated commissions?

What future role can you see for the Council for the Securities Industry? (Candidates are requested not to answer this question.)

19th Century excesses

From Mr M. Greener Sir.—Having obtained monopoly power over any one factor of production to then use that power for the procuring of private gain at the expense of public good was one of those excesses of 19th-century capitalism which no one would now seek to defend.

That Mr Scargill should essay to lead the mineworkers on a parallel course in 1984 in the name of Marxist-Leninism (albeit his own quaint interpretation thereof) is surely an exercise in double-think which quite begets the imagination. Is it conceivable that sheer effrontery may succeed where respect argument would most certainly fail?

From Mr T. Simms Sir.—Mr Stewart points out (April 23) that on all the occasions on which I have seen Mr Scargill being interviewed, he has never heard anyone ask him what kind of socialist he is.

This could be because, from many of Mr Scargill's actions and utterances, for example his declaration of his opposition to wage controls, it is manifestly clear that he is not a socialist of any kind.

Although his answer would be unlikely to be of much interest to us, a socialist might be asked what kind of socialist he thinks he is.

From Mr John Clark Sir.—I find Mr Scargill's repeated assertions that British deep-mined coal is the cheapest in the world rather tedious and the NCB's contradictions equally so.

Letters to the Editor

the same in that we both need good coal at reasonable prices. Whether it is deep-mined or not is quite irrelevant.

The argument is analogous to that of free-range eggs. The majority of the British public and buy eggs which we require to be of good quality at reasonable prices. Certainly there is a strong demand for free-range eggs at premium prices, but no one has yet proved conclusively that free-range eggs are superior to other British eggs.

Loan guarantee Zimbabwe-style From Mr J. D. Rattle Sir.—In view of all the recent publicity concerning the operation and appropriateness of the Government's Loan Guarantee Scheme, may I acquaint you with a similar but also distinctly different scheme which has had first-hand experience in Zimbabwe?

In 1978, the Finance for Emergent Businessmen Company (FEBCO) was established as part of the Reserve Bank of Zimbabwe. Having no loan funds of its own, its purpose is to provide an independent viability report on any business requesting finance from one of the four high street banks in Zimbabwe and in a situation where the business is unable to provide sufficient security for the size of loan required.

Upon receipt of a fairly detailed form from the business, together with a £210 (about £8) fee, FEBCO sends one of its business evaluation officers to its management and viability. These reports are then considered at one of the regular two-weekly meetings by a committee comprising representatives of FEBCO, the Reserve Bank and the four high street banks which participate in the scheme.

not preclude the committee from backing the applicant. Indeed, if the committee says yes and the bank says no, FEBCO is entitled to go back to the bank manager concerned and try to persuade him to change his mind.

If, finally, both FEBCO and the bank are prepared to back the applicant, then the business is typically asked to provide a third of the security required, with FEBCO and the bank providing the other two-thirds in equal part.

The rate of interest charged is at present two percentage points below that normally charged to such a borrower and only one percentage point above that charged to blue chip companies.

Accounting for inflation From Mr Martin O'Regan Sir.—The proposals to deal with accounting for inflation by Mr Ian Hay Davison as chairman of the Accounting Standards Committee should have all possible support to bring to a practical end an intellectual debate that has gone on, to my certain knowledge, for more than 30 years.

Are accounts not truly informative? I look through the columns of all the financial Press and find scant recognition, or use, of the current cost accounting information now available. There is an enormous work effort involved which produces a very subjective answer, as indeed there must be, when you move away from the base-line of historic costs, perhaps better described as actual costs.

The modern annual report contains a great deal of information expensively produced, probably too much even for the analyst. Should we not start a new debate on what could be left out rather than adding more and more unabsorbed material. There are many features more urgently read and readable such as the chairman's forecast, statements of accounting policies, source and application of funds, 10-year records and so on.

The issue of universality is fine to follow. After all, in Britain we all drive on the left side. But that does not mean we all drive in the same vehicles, at the same speed, and with the same economy and performance.

Can accounting for inflation ever have the precision and universality that you seek? We have at least four dimensions to report—the measurement of trading performance, asset valuations, currency transactions and changes in the value of money.

Mr Ian Hay Davison's recommendations are clear, simple and should be implemented. The debate on accounting for inflation can then be put to rest. Martin O'Regan, 7, Sussex Square, Brighton BN2 1PJ.

Krugerrands as investments

From Mr C. R. Benson Sir.—How good are Krugerrands as investments? Here are South African prices for April 1984 and May 1980:

Table with 2 columns: Date, Price. Rows: April 1984 (R535), May 1980 (R700), Proof KR (SA Mint price) (R700), Gold price in \$ (R380), R700 (R512.25).

But these prices conceal an annual loss through inflation of roughly 15 per cent since 1980, and ignore the fact that there is no income from Krugerrands as investments. While other investments yielding good incomes have doubled or tripled since 1980, Krugerrands have in fact lost roughly 60 per cent of their value through inflation alone, not counting lost income. As investments they deserve the wooden spoon.

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**PENTAGON RESERVATIONS ON JOINT WEAPONS PROGRAMMES OVERRULED**

**U.S. rejoins Nato warship study**

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN LONDON

The U.S. Government has withdrawn its objections to U.S. participation in a major Nato project for a frigate for the 1990s.

A feasibility study for a frigate, from which the Pentagon effectively withdrew last month, is to go ahead after intervention by Mr Cesar Weinberger, the U.S. Defence Secretary and Mr George Shultz, the U.S. Secretary of State.

Such high-level intervention reflects the Administration's concern at the criticism levelled at Washington for its attitude to the frigate and collaborative arms production.

A review ordered by Mr Weinberger and backed by Mr Shultz overturned a decision originally said to have been taken by the Pentagon's legal department under

pressure from the navy and associated U.S. industries.

The U.S. decision to withdraw from the project for the 3,000 to 3,500-ton frigate caused bitterness in Brussels in April, when national armaments directors gathered for what they believed to be a routine ceremony to sign a memorandum of understanding for the \$15m feasibility study.

Industries from the eight Nato nations - Canada, France, West Germany, Italy, the Netherlands, Spain, the UK and the U.S. - completed pre-feasibility studies on the project in February. The mid-April signature should have been routine, but at the last minute Mr Richard de Lauer, Assistant Secretary at the Pentagon for research and engi-

neering, produced a list of reservations which his European counterparts said vitiated the whole agreement. Many said it threw doubt on U.S. sincerity in pursuing joint weapons programmes on an equal basis.

The U.S. now appears to have completely withdrawn those reservations. It is suggesting to its allies that to save time, ambassadors to Nato should sign the original memorandum this week, possibly tomorrow.

The feasibility study is to be conducted by a joint-venture company based in Hamburg, which includes Marine Technik Gesellschaft of Germany and Thompson CSF of France.

European officials in Brussels

yesterday expressed relief at the new U.S. move, although one said that he would not recommend that his ambassador sign until the text had been closely checked against the original.

The study is expected to take about 18 months. Officials have never been particularly optimistic that all nations would actually participate in building a joint warship. They believe there could be continuing problems originating with U.S. pressure groups.

The project has now, however, become a major test case of the alliance's will - and in particular of its senior partners - to honour the much repeated verbal commitment to collaboration in arms manufacture

**Latest Japanese tariff cuts disappoint Brussels**

By Paul Cheeseright in Brussels

JAPAN'S FIFTH package of economic measures since December 1981 to open up its domestic markets for foreign goods yesterday met a damp reaction from the European Economic Community.

"It is not evident that it will lead to the kind of dramatic results which would be necessary to achieve a better balance in the trade relationship between the EEC and Japan," said the European Commission.

Last year the EEC had a trade deficit of over \$10bn with Japan. The present strength of Japan's exports suggests that this figure could be exceeded in 1984.

But the Commission sought to qualify its disappointment with the trade measures by praising the "political spirit" of the package, which was evidence of "a continuing political commitment in Japan" to internationalise its economy.

The package covers tariff eliminations and reductions, the liberalisation of the tobacco distribution system, simpler procedures for the testing and certification of imports and the promotion of imports.

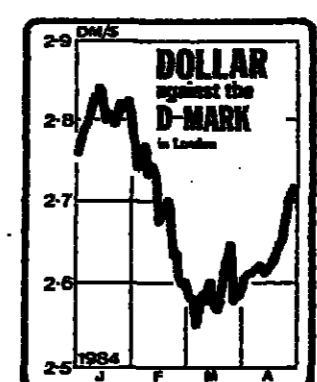
But the Japanese Government refused to adopt the EEC suggestion of nominating a target figure for the value of imports and, while it made a commitment to the liberalisation of the capital markets, it announced no specific measures. Japanese officials said later that precise proposals would come this month.

Commission officials are privately concerned that the greater part of the package, announced last Friday, seemed to be directed at the U.S. and at forestalling difficulty at the forthcoming London summit.

Formally, the Commission estimated that the tariff reductions and eliminations would cover only about 2 per cent of EEC exports to Japan. The products include tomato juice, camphor, mink furskins, jewellery, dental instruments and measuring apparatus.

But the details of the cuts are not yet known, Japanese officials said

**THE LEX COLUMN**  
**Return of the mighty dollar**



The UK's current account performance has been suspiciously volatile over the past few months, so perhaps not too much should be read into yesterday's March figures. None the less, the fact that export volume indices fell in all but three categories is not exactly encouraging.

**The dollar**

In the most perfect of worlds, a foreign exchange market staffed exclusively by economists and central bankers, the dollar would by yesterday evening have disappeared off the bottom of dealing room charts. As it was, the U.S. currency was testing new highs against the pound and recovering yet more of the ground lost earlier in the year to the D-Mark.

Even by its own standards, the dollar is showing a remarkable disregard for economic fundamentals. Friday's U.S. trade figures had pushed the first-quarter deficit to almost \$30bn which, assuming roughly constant currency parities, leaves open the possibility of a full-year trade shortfall of \$120bn or more. The deficit on the current account, meanwhile, could easily total \$85bn, a figure in quite a different class from any yet recorded.

The dollar has admittedly been benefiting from the growing industrial relations unrest in West Germany and, to a lesser extent, the UK. That, however, would hardly explain a 5 per cent appreciation against the yen over the past month. Moreover, the Bundesbank has been busily supporting its own currency, unwinding the foreign exchange positions built up during the period of French and Belgian franc weakness earlier this year.

The most plausible explanation is that the dollar is again being buoyed up by wide short-term interest rate differentials. On the face of it, yesterday's announcement of a 1.1 per cent fall in March leading indicators and of a sharp drop in private home sales might have helped to dispel fears that the Federal Reserve will be obliged to take firmer action against the pace of economic recovery.

Yet, in the event, these numbers proved to have been well discounted, and Eurodollar rates inched 1/8 higher in the course of the day. The market is apparently drifting towards the view that the Fed may take little on trust at next month's FOMC meeting - perhaps its last opportunity to adjust policy ahead of the election - and that the budget deficit may dictate the level of rates, recovery or no.

indeed, some stabilisation of primary and standard property rents looks the least the market might expect if it is to hold at this level. But there is some evidence from estate agents' surveys so far this year of a rise in demand for London office space too strong to put down to the normal cycle - and there is growing optimism in the industrial sector too, where the budget could have a useful impact if it accelerates capital spending plans.

This all adds up to the chance this year of a real growth in rentals in the UK for the first time since 1979, to complement asset revaluations among the leaders of perhaps 6 1/2 to 7 per cent. The average yield in the sector is down to 3.7 per cent, but could yet fall lower still.

**Row after Christiania and UNI join forces**

By Fay Gjester in Oslo

A CO-OPERATION agreement between Norway's second largest commercial bank, Christiania Bank, and the country's biggest mutual insurance group, UNI Forsikring, has provoked controversy in Oslo and may lead to counter-measures by other leading banks and insurance companies.

Christiania and UNI have announced a link-up through the latter's purchase of a 50 per cent stake in Lefac, a finance company which was previously 100 per cent owned by the bank.

Mr Thorleif Borge, UNI managing director, described the trio as the "Lefac group", and Mr Tor Moursund, Christiania managing director, said it was in the national interest that two of Norway's leading financial organisations should join forces to meet the expected pressure of foreign competition. (Norway is in the process of easing curbs on foreign banks and insurance companies.)

It was stressed that the Lefac joint venture is only a first step towards an extensive co-ordination of activities by Christiania and UNI, although no merger is contemplated.

They have agreed not to enter into similar deals with other banks or insurance companies, to make the greatest possible use of one another's facilities, and to co-operate in developing and marketing banking and insurance services.

Norske Folk and Norges Brannkasse, the two partners in UNI Forsikring, have agreed to withdraw their representatives from the boards of two finance companies, Factoring Finans and Eikon, in which their partners have been, respectively, Den norske Creditbank (DnC) and a group of savings banks together with the Gjensidige Insurance Company.

UNI would "seriously consider" a favourable offer to sell its stakes in both Factoring Finans and Eikon, Mr Borge said.

UNI first approached DnC regarding co-operation deal, but switched to Christiania because it was prepared to offer more comprehensive collaboration.

DnC said it regretted the apparent end of its long-standing association with Norske Folk, which in the past has banked mainly with DnC. It also said it had refrained, to date, from establishing deals of the kind envisaged between UNI and Christiania, because this could make its customers feel restricted in their freedom to do business with finance and insurance companies.

Sturebrand-Norden, Norway's largest insurance group, said the deal could eventually affect its own recent co-operation project with Christiania, covering a special combined savings and pension package which the two have agreed to market jointly.

UNI is paying Christiania Nkr 125m (\$16.2m) for the 50 per cent stake in Lefac - Nkr 88.9m above the shares' book value. This compares with Christiania's operating profit of Nkr 330.5m in 1983.

**U.S. inquiry may delay Chicago futures link with Singapore**

BY CHRIS SHERWELL IN SINGAPORE

DELAYS IN U.S. approval for the unique "mutual offset" arrangement between Singapore and Chicago are threatening to delay even further the start of the island's new financial futures exchange.

The exchange's opening has already been postponed once, from May 2 until some time in June, because the U.S. Commodity Futures Trading Commission (CFTC) must scrutinise the offset plan closely to ensure that transactions that might manipulate prices cannot be disguised.

Under the mutual offset system, open positions on one exchange can offset opposite positions on the other. The link will mark a crucial step towards around-the-clock global futures trading.

The position now is that details of the link between the Singapore International Monetary Exchange (SIMEX) and the Chicago Mercantile Exchange have been published in the U.S. Federal Register and are

open for public comment for 30 days ending May 20.

This period could be extended to 45 or even 60 days if another affected party - such as another futures exchange - insists. As a result, approval by the end of June is now regarded in Singapore as a reasonable target, making a mid-July start-up more likely.

This means SIMEX would only become fully operational at the height of the summer holidays in the U.S., a distinct disadvantage. However, it now plans to start with four rather than three contracts to add to its attractions.

Application is being made this week to the CFTC for approval of a U.S. dollar/D-Mark foreign currency contract. This will be in addition to a U.S. dollar/yen contract, and three-month Eurodollar interest rate contract, and a gold futures contract.

Because no new issues are involved, approval is thought likely. Hopes are high that the addition will help SIMEX, even though it in-

volves no Asian currency, because the D-Mark has been relatively volatile on the foreign exchanges in recent months.

The two exchanges have still not finalised arrangements for their gold futures contracts. Although both agreed on delivery in London, problems arose because of Britain's value-added tax, which makes the arrangements less attractive.

One option being considered is for SIMEX to have an account with the major London dealers not subject to such tax and for those taking delivery of physical gold to do so through these dealers.

With a change in the existing gold futures contract inevitable, trading on Singapore's market the precursor to the new exchange has virtually dried up.

SIMEX membership has, meanwhile, received a boost with the recent decision of Japan's Finance Ministry to encourage five Japanese banks in Singapore to apply. They are seeking membership initially as corporate "non-clearers"

**Swiss to curb property sales**

BY JOHN WICKS IN ZURICH

BUYING non-commercial property in Switzerland will become more difficult for foreigners next year - whatever the outcome of a national referendum on the subject this month.

The move to make Swiss homes even more exclusively for the Swiss comes from the country's Nationale Aktion nationalist party, which has called for a referendum on May 20. The call, backed by the Social Democrats, aims to make it almost impossible for non-Swiss to buy this type of property.

Even if voters reject the move,

the outcome will be the same because a revised law governing the "purchase of property by persons abroad" is due to come into force on January 1.

Nationale Aktion's proposal foresees the amendment of the federal constitution, meaning that real estate property or rights could be sold only to Swiss with domicile rights, or legal entities owned at least 75 per cent by persons domiciled or resident in Switzerland.

The amendment would not affect sales of property "in the service op-

eration. The Federal Government would also be empowered to grant individual exclusions in cases of "national interest."

The revised legislation due to come into force next year was approved by both houses of parliament last autumn. This allows the central Government to set cantonal quotas for the sale of holiday apartments and units in "apartmental hotels" for two-year periods. The maximum quota would be reduced gradually unless this proved to be "against the interests of the economy."

German print workers clear way for strike

IG DRUCK und Papier, the West German print union, yesterday cleared the way for possible strikes to press demands for a reduced working week. Reuters reports from Stuttgart.

Herr Detlef Henschke, a member of the union executive, said that 82 per cent of the more than 23,000 IG Druck workers balloted at 198 plants last Friday had voted to strike if talks with management, due to resume tomorrow, failed to break the deadlock.

The result exceeded by 6 per cent the minimum support required by law to call a strike.

The 145,000-member union has disrupted newspaper publication with brief token strikes to back a national campaign for a five-hour cut in the working week without wage reductions.

IG-Metall, which represents 2.5m metal workers, has called strike ballots in three key regions next week. IG-Metall broke off talks last week after management refused concessions on the working week.

The Metallurgical Industry Employers' Association responded by accusing the union of cold-blooded determination to call a strike and warned that management could resort to lockouts.

Chancellor Helmut Kohl has strongly criticised union demands for a 35-hour week, supporting employers' arguments that it would increase, rather than reduce the country's 2.4m unemployment figure. He appealed yesterday to management and employees to seek a compromise.

**German print workers clear way for strike**

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**U.S. indicators show first fall in 19 months**

Continued from Page 1

alone could cut as much as 2 per cent points off the second-quarter growth figure.

The implications of the expected slowdown are hotly debated. Data Resources, the Boston-based economic forecasting concern, says that "tighter credit today threatens to limit real GNP growth to about 3 per cent during the last quarter of this year and the first two quarters of next year."

Wharton Econometric forecasting of Philadelphia suggests that "moderating growth should take pressure off the Fed to tighten credit conditions any further, at least in the short run."

But Goldman Sachs Economics says: "A slowdown sufficient to change the underlying cyclical up-trend in inflation and interest rates is not likely until fiscal and particularly monetary policy becomes less stimulative."

**UK union chief praises foreign employers**

BY DAVID GOODHART IN EASTBOURNE

MR TERRY DUFFY, president of Britain's Amalgamated Union of Engineering Workers (AUEW), yesterday praised foreign employers for adopting a more constructive approach to industrial relations than their UK counterparts.

Delivering his address to the union's annual conference in Eastbourne, he welcomed foreign manufacturers investing in the UK and said: "Some British employers would do well to copy their methods of obtaining co-operation from their labour force."

Foreign employers, he said, tended to consult their workforce more, rejected "us-and-them" attitudes and were more ready to harmonise working conditions between blue-collar and white-collar workers.

He said that despite the erosion of the distinctions between manual and non-manual workers by new technology, the former was still regarded as a second-class citizen by most British employers. "That is the British disease that the foreign employers are making more progress towards breaking down," he said.

The AUEW had agreements, including some single union agreements, with many non-UK employers, but his comments were clearly made with an eye on the hoped for single union deal with Nissan, the Japanese car manufacturer.

**Banca del Lavoro issue**

Continued from Page 1

IFI had appointed seven. The new president of La Rinascente is expected to be Sig Gianluigi Gabetti, who is managing director of the Agnelli holding company, and has been appointed one of the new directors of La Rinascente.

IFI paid L181bn when it bought control of La Rinascente in March. The Agnelli family company has actually bought a major stake from a company it disengaged itself from three years ago.

IFI has denied that its return to La Rinascente was a function of "any particular motive" and said that the retail chain, which recently announced a 59 per cent leap in net profits to L51bn, was "a good investment."

La Rinascente said that its turnover during the first two months of this year was 17.7 per cent higher at L270bn.

**British banks' ratings cut**

Continued from Page 1

agency for a long-term rating for its debt.

Barclays and National Westminster continue to carry an AAA rating from Moody's, the other major credit rating agency.

Standard & Poor's said that although the downgrading of the UK banks' debt rating also extended to their important related letter of credit business, it left their short-term commercial paper ratings unchanged at A-1. The only exception was Crocker, whose commercial paper rating was cut to A-1 from A-1-plus.

The cut in their credit rating will not have much impact on the UK banks' cost of raising funds, since they are still rated more highly than virtually every U.S. bank, including Citibank and Chase Manhattan, but it is a blow to their pride.

**Gibbons may seek listing**

Continued from Page 1

price for being quoted and another for being unquoted," said Mr Robert Nelson, Ionian's managing director and a stamp collector himself. Stockbrokers Simon & Coates were offering the shares at 100p last month.

Mr Feigenbaum will also buy back for £450,000 cash his personal stamp collection which he sold to Stanley Gibbons in exchange for shares. When the deal is formally completed on May 9, Mr Feigenbaum, still technically a Stanley Gibbons director, will no longer have any connections with the company.

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**World Weather**

Algeria	R	14	57	Buenos Aires	C	15	59	London	C	11	52	Madrid	C	14	57	Manila	F	16	61	Seoul	F	13	56
Alexandria	S	21	70	Cairo	S	21	70	Los Angeles	C	12	54	Moscow	C	10	50	Nairobi	C	16	61	Sao Paulo	C	20	68
Amsterdam	S	15	59	Antwerp	S	15	59	Barcelona	S	17	63	Bombay	F	22	72	Brussels	S	15	59	Hankow	F	12	54
Beijing	F	20	68	Berlin	S	15	59	Bombay	F	22	72	Brussels	S	15	59	Buenos Aires	C	15	59				
Bombay	F	22	72	Bombay	F	22	72	Bombay	F	22	72	Bombay	F	22	72	Bombay	F	22	72	Bombay	F	22	72



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## Research spending contributes to Mitel's heavy losses

BY BERNARD SIMON IN TORONTO

MITEL, the Canadian manufacturer of telecommunications equipment and semiconductor devices, suffered a loss of C\$32.4m (\$26.8m), or 85 cents a share, in the year to February 24, a sharp reversal from the profit of C\$14.8m (90 cents a share) in the previous year.

The company said losses stemmed mainly from higher research and development spending, a C\$12.8m fourth-quarter write-down of obsolete and excess inventory and extraordinary losses of C\$12.8m, also concentrated in the fourth quarter, from write-downs of excess manufacturing capacity in Canada, the U.S. and Ireland.

Mitel, one of the stars of Canada's high technology sector, has been hit by the recession and internal problems, including long delays in launching a new automatic branch exchange system.

Mr Terence Matthews, president, said a further loss is expected in the

first half of the present fiscal year, but that "increased revenue and operational effectiveness" should result in a profit for the year to February 1985.

Revenues for the year just ended rose to C\$342.6m from C\$255.1m in 1983. Revenues included a contribution of C\$19.1m from Canadian companies for the funding of research and development for digital switching products.

The loss before taxes, write-downs and the extraordinary losses totalled C\$10.4m, compared with a profit of C\$2.8m the previous year.

Mitel said it expects to renegotiate a C\$100m revolving credit facility with a group of banks before it expires at the end of October. This facility is crucial to its funding for the remainder of the 1985 fiscal year since the company is unable to continue financing its operations by short-term money market instruments, as it did in the past year.

## Major turnaround at Canadian Pacific

BY ROBERT GIBBENS IN MONTREAL

ECONOMIC RECOVERY is bringing a major turnaround at Canadian Pacific, Canada's largest company, and its 70 per cent-owned Canadian Pacific Enterprises non-transport holding company.

The gains are mainly from rail operations, zinc mining and metal operations and pulp and paper. PanCanadian Petroleum, the principal oil and gas subsidiary, is keeping up the performance that helped cushion the group during the 1981-83 recession.

The industrial products companies, including Algoma Steel and AMICA International, are lagging and await a major upturn in world investment.

CP Enterprises earned C\$43.9m (U.S.\$34.3m), or 28 cents a share, in the first quarter, against C\$4.1m, or 3 cents, a year earlier. This will help the parent company which holds the railway, CP Air and other transportation interests. Consolidated results for the group will be announced later this week.

Cominco, the crown jewel of Canadian Pacific for several generations, was hit badly by the collapse in world commodity prices. But,

since it is one of the world's largest producers of zinc, higher prices eliminated losses and produced a small profit in the first quarter.

Cominco will be gathering benefits from a huge investment programme at its British Columbia metallurgical plants. The company has high-grade ore in plenty at two northern mines, and 100 years of major reserves at its Red Dog zinc-silver mine in Alaska, now being developed.

Forest Products are swinging back, but the leverage from these subsidiaries will not be evident until later. Great Lakes Forest Products in Ontario has completed a capital programme costing several hundred million dollars, and has high interest costs.

CP's rail operations will be doing better. Milling subsidiaries are in good shape, but the Western coal mining subsidiary is having to accept lower demand from the Japanese and lower prices.

Shipping, a serious drag for the past two years, may show some improvement this year, but mainly through rationalisation of container and bulk operations.

## Mixed results for Axel Johnson

By David Brown in Stockholm

AXEL Johnson, the group which represents Sweden's third largest trading and industrial empire, reports mixed pre-tax results for 1983. Nordsjerman, one of the two main companies in the group with interests in shipping, stainless steel and engineering, reports a pre-tax profit before extraordinary items of SKr 30m (\$3.7m), against the loss of SKr 12m the previous year, despite continuing decline in the shipping sector.

Operating profits advanced by SKr 12m to SKr 244m, but capital gains on the sale of ships were significantly lower last year than in 1982. An extraordinary item of SKr 332m, stemming from the sale of shares in the U.S. Saba retail and trading group, brought the pre-tax result to SKr 382m, more than treble the figure achieved the year before.

The company includes the Avesta Steel operations which will become a European market leader in several products after the wide-ranging rationalisation of the Swedish stainless steel industry which was agreed last year. The loss in its steel operation was trimmed from SKr 129m to SKr 31m.

A. Johnson, the other large unit in the group, which is divided into a U.S. and a Swedish operation, showed more mixed results. The Swedish arm, which trades in oil, coal, steel, metals, chemicals and machinery, had a pre-tax result of SKr 79m, just over half the 1982 result. Sales advanced from SKr 7.5bn to SKr 10.9bn.

The U.S. arm, which trades in oil, stainless steel, metals and engineering products and is also involved in shipping, reports a pre-tax loss of SKr 26m, against the SKr 60m profit in 1982. Sales advanced from SKr 6bn to SKr 7bn.

The decline was attributed to unspecified extraordinary items associated with the restructuring of the group's steel and oil operations. A positive result is anticipated this year.

Axel Johnson is the largest Swedish company remaining in private hands.

SMALL IS ALSO PROFITABLE FOR ONE VIENNESE COMPANY

## Austrian Airlines still flies high

BY PATRICK BLUM IN VIENNA

THE MANAGEMENT at Austrian Airlines likes to think that small is not only beautiful but also profitable. To prove the point they show with some pride how the company has been making profits for 13 consecutive years after a disastrous 15 years of losses.

Last year was no exception - revenues were up 11 per cent to Sch 4.69bn (\$2.8bn), and gross profits before tax, allocations to reserves and provisions for depreciation were Sch 350.2m.

In contrast to other state-owned Austrian industries, which have

had to draw heavily on government subsidies, Austrian Airlines was able to self-finance investments worth Sch 648m last year.

On the operating side, the airline carried more than 1.88m passengers last year, an increase of 6 per cent on 1982. For the first time, charter passengers accounted for more than 500,000 of that total.

The company attributes part of its success to specialisation. In the early 1970s it dropped out of the race for prestige routes such as the North Atlantic, and concentrated instead on more flexible markets.

Eastern Europe was an obvious choice and the airline rapidly built up a steady business there which today accounts for about 20 per cent of its passenger business.

The airline claims that it is the only Western airline to offer direct flights to every Eastern European capital.

In the late 1970s the company began to build its Middle East and North Africa services. It now flies to 14 cities spread in a crescent between Istanbul and Tunis. These services accounted for 24 per cent

of passenger traffic last year. A twice-weekly service from Vienna to Teheran started in March and a new service to Kuwait begins next week.

A new management team appointed in 1971 was able to reduce personnel, improve efficiency and completely re-equip and modernise the airline's fleet. Added to this was an emphasis on good service, which was rewarded last year by winning third place after Air France and Scandinavian Airlines System in Egon Ronay's 1984 guide.

## PepsiCo earnings up 27% in quarter

By William Hall in New York

PEPSICO, the U.S. soft drink and food group, which is investing heavily in new products, appears to be recovering from last year's setback and first quarter net income is 27 per cent ahead at \$47.15m.

PepsiCo says that its major domestic business saw vigorous growth as a result of new product introductions and marketing promotions.

Despite higher advertising and marketing spending and new product costs, the group's domestic operations achieved modest growth. Meanwhile foreign operations returned to profitability after last year's losses caused by currency movements and difficult international trading conditions.

PepsiCo earned 5 cents per share in the latest quarter, which compares with 40 cents in the comparable period of last year and 69 cents in the first quarter of 1982.

Case sales for the group's bottler in the U.S. rose 7 per cent in the first quarter mainly because of strong growth in syrup volume and the launch of the reformulated diet Pepsi.

PepsiCo's overseas business remains sluggish and bottler case sales were only 1 per cent up on a year ago.

Beverage revenues rose 9 per cent and earnings rose by nearly two thirds on the back of an improved U.S. performance and loss elimination overseas.

Concentrate shipments to Venezuela during the latest quarter contributed "substantially" to the improved overseas results. Last year no shipments were made in the first quarter.

PepsiCo's food products operations, the main profit earner, posted a 12 per cent rise in operating profits and sales, reflecting domestic gains and a profit internationally, against a loss a year ago.

## VW in the black after heavy loss

By Jonathan Carr in Frankfurt

VOLKSWAGEN, the West German vehicle group, is in the black again after making heavy losses and omitting a dividend for two successive years.

VW confirmed it made a profit in the first quarter of this year after recording a DM 100m (\$17m) loss on its worldwide operations in the corresponding period of 1983.

The company described as "speculation" a West German magazine report that the profit totalled more than DM 10m. The exact figure is likely to be revealed next week when VW presents its full 1983 results.

News of the improvement had been widely expected, and the VW share price gained just 70 pfennigs to close at DM 199.20. The company began the year with a strong boost to sales at home and abroad, and is believed to have increased its domestic market share.

Last year's group loss is expected to have approached the DM 300m figure of 1982, when VW dropped its dividend for the first time since 1975. The 1983 results were burdened by the need to make heavy provision for Latin American operations.

## European Asian Bank ahead

BY JOHN DAVIES IN FRANKFURT

EUROPEAN Asian Bank, the Hamburg-based commercial and foreign trade bank, has strongly increased its business activities aided by economic recovery and improved trade prospects in much of Asia and the Pacific.

The bank is also strengthening its financial position by boosting its risk provision, however, and by omitting a dividend to put profits entirely into reserves.

European Asian Bank is owned by Deutsche Bank of West Germany (90 per cent), Creditanstalt-Bankverein of Austria (22 per cent) and Société Générale de Banque of

Belgium and Amsterdam-Rotterdam Bank of the Netherlands (each 9 per cent). It has branches or offices in 14 Asian and Pacific countries.

The bank's business volume rose 35.7 per cent to DM 10.7bn (\$3.95bn) last year, while its assets grew 34.4 per cent to DM 8.4bn. The growth was boosted in D-Mark terms because of the appreciation of many Asian currencies in line with the U.S. dollar.

The bank showed a 36 per cent increase in net profits to DM 20m. But after paying a 10 per cent dividend for eight years in succession,

it is omitting a dividend to transfer profits entirely to published reserves.

It said it was also making "markedly higher" specific and general loan loss provisions, but did not give details. Volume of credit rose 29 per cent to DM 6.69bn, mostly short and medium-term lending to finance trade.

Last year the bank opened new branches at Lahore in Pakistan, at Pusan in South Korea and in Macao. It also entered into joint ventures in merchant banking in Australia and in leasing in Indonesia.

## NYSE may delist Hawley shares

BY OUR NEW YORK STAFF

THE New York Stock Exchange (NYSE) is expected to decide within the next few days whether the shares of Carter Hawley Hale (CHH), the U.S. department store group fighting an unwelcome \$1.3bn takeover bid from the Columbus-based The Limited, should be delisted because it has violated its rules.

The NYSE, which began its investigation following a defensive move by Carter Hawley to buy back nearly half its shares and sell a large block of preferred shares to a friendly group, General Cinema, is concerned that the defensive tactics have violated NYSE regulations.

The effect of the share repurchase - equivalent to almost half its

equity - has been to boost General Cinema's effective voting stake to around a third and increase the stake controlled by directors to around 16 per cent.

Against this background, Wall Street analysts believe that Limited will find it almost impossible to succeed in its \$35 per share cash offer for control of the company.

## Georg Fischer to omit yearly payout again

BY JOHN WICKS IN ZURICH

GEORG FISCHER, the Swiss engineering concern, is to pay no dividend for the third successive year. The Schaffhausen-based parent company, which had shown a small profit of SwFr 1.4m (\$626,400) in 1982, went into the red with a net deficit of SwFr 2.3m last year.

For the group as a whole, losses were again at the 1982 level of SwFr 11m. Consolidated turnover dropped during the year by 4 per cent to SwFr 1.56bn, about one half of this decline being the result of exchange rate developments.

Group turnover fell by about 8.2 per cent from the 1982 level. This excluded sales of the Geneva company, Charmilles Technologies, which were consolidated last April.

The group's property holdings were revalued by SwFr 45m, and this sum was used to create special provisions against corporate reorganisation costs. Only part of the SwFr 33m of the funds set aside was actually spent last year.

Dr Hannes Goetz, management chairman, said that further moves in the restructuring of the Georg Fischer group were necessary. These would be financed by SwFr 12m remaining in the special provisions fund.

Over and above this, the parent company last year drew on unpublished reserves totalling SwFr 17m to pay for early retirements, closure costs and depreciation.

In the first quarter of 1984, group turnover rose by 13.3 per cent to SwFr 395m, but Dr Goetz predicted another difficult year.

The company is particularly concerned at moves in West Germany towards a 35-hour working week. Mr Bernhard Saeman, company chairman, said the proposed cut in hours would make West German products 16 per cent more expensive. About 42 per cent of Georg Fischer's total output originates in West Germany.

Swiss Volksbank, of Berne, expects "good results" again for this year, according to a first-quarter report. For 1983, the bank had booked a 22.2 per cent rise in net earnings to SwFr 62.2m (\$28m) and it lifted the dividend to SwFr 53 from SwFr 45 per share and from SwFr 4.50 to SwFr 5.30 per participation certificate.

The bank says further profit development will depend largely on the stock and foreign exchange markets. Earnings in the first three months of 1984 were higher than for the corresponding period last year.

## Modest growth for Aeritalia

By James Buxton in Rome

AERITALIA, the Italian aerospace company which is part of the state-owned IRI Finmeccanica group, reported modest increases in sales and net profits for 1983.

Sales rose 7 per cent, well below the Italian 1983 inflation rate of 15 per cent, to L877bn (\$519m) and pre-tax profits were L11.1bn, compared with the 1982 figure of L9.29bn. The company is to pay a dividend after several years of omitting the payout, though the size of the dividend is not disclosed.

The company is a junior partner with Boeing of the U.S. in the Boeing 767 project and makes the ATR 42 regional transport airliner in a joint venture with Aerospaziale of France. It also makes the AMX fighter, the prototype of which is due to fly for the first time next month, and is the Italian partner in the Anglo-German-Italian Tornado project.

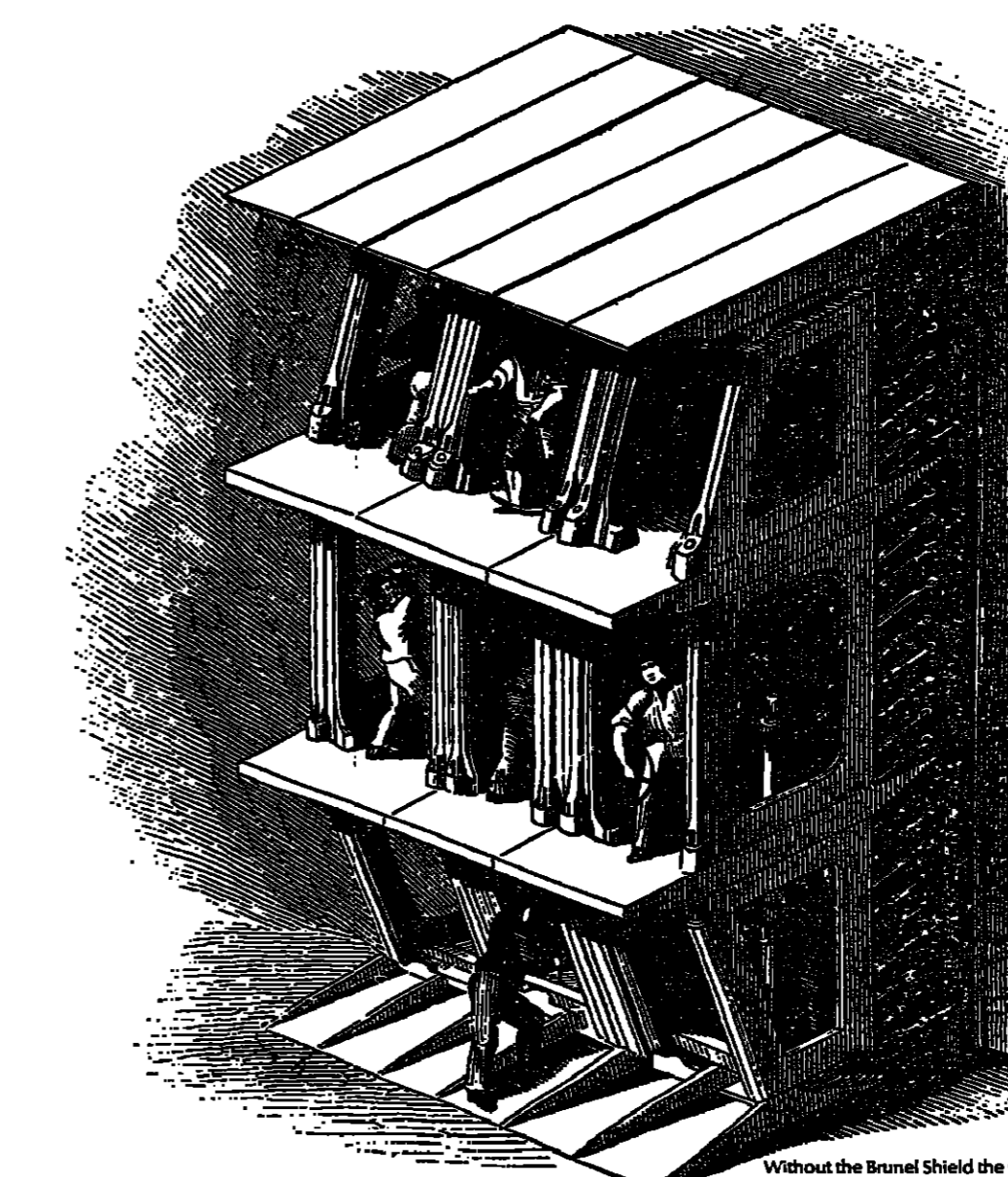
## AIDC buys oil, gas stake

By Michael Thompson-Noel in Sydney

THE AUSTRALIAN Industry Development Corporation (AIDC) is paying A\$915,000 (U.S.\$442,000) to Magellan Petroleum Australia (MPA) for a 6.1 per cent stake in the Palm Valley gas project in the Amadeus Basin of the Northern Territory.

The purchase marks the Australian Government's first direct investment in an oil and gas project. AIDC is a statutory corporation whose role is to promote development of Australian industry although its business activities are independent of government influence or review.

MPA is 53 per cent owned by the U.S.-based Magellan Petroleum Corporation. Mr Ray Hopkins, Managing Director, said that AIDC would make further cash payments, as additional gas reserves were planned.



Without the Brunel Shield the world's first underwater tunnel could not have been attempted. The shield, used for tunnelling beneath the Thames at Rotherhithe in 1841, was the brainchild of the father of Isambard Kingdom. The other essential ingredient for this technological breakthrough was private capital.

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The Conversion Interest amount applicable to Notes which are presented for conversion on or before 1st October, 1984 will be U.S.\$5 nil per U.S.\$5,000 Note.

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30th April, 1984

This announcement appears as a matter of record only. March 1984

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## INTL. COMPANIES & FINANCE

### Kuwait stock market plan near

BY KATHLEEN EVANS IN KUWAIT

THE KUWAIT government is expected to announce in the next few weeks a formula which, it is hoped, will finally resolve the country's stock market crisis.

The draft plan, like the problem itself, is complicated and costly. A lot hinges on its success—and the timing of its implementation. A minor rally is currently taking place in the official Kuwait stock market for the first time since the onset of the crisis in 1982. But if the new mood of optimism is to be sustained, the plan must be implemented soon.

Within a few weeks lies Ramadan and the traditional dull trading months of summer. If this formula for settlement proves no better than its many predecessors, then the gloom will continue, and an increasing number of Kuwaitis will be added to the list of 300 people already referred to the government receiver.

A settlement to the crisis is vital for the future of the country's stock market, and the protection of bank collateral. In the past few weeks, prices have been drifting down alarmingly and, given that about 25 to 50 per cent of all bank credit is thought to be backed by shares from the official market, the value of bank collateral was seen to be declining daily.

The downward drift began largely because investors involved in the stock market crisis were selling their shares in order to secure cash to settle their own debts. Coupled with the despondency brought on by the announcement of Kuwait's record budget deficit, and the continuing Gulf war, the effect was to depress even the prime stocks on the official market. Other stocks were not being traded at all.

Until last week, the stock market in Kuwait had been protected from just such a slide by the government which has spent some KD 700m to KD 800m (\$2.37bn to \$2.71bn) since October 1982 on supporting share prices. Last November, mindful that the state has already absorbed nearly 50 per cent of the total market, government intervention came only at the end of each trading day, so that the index could be maintained at a stable level.

#### Cosmetic support

These tactics led local stockbrokers to calculate two market indices—the government support price and the free market level. By early April, the prices on some stocks were 40 per cent apart. The support policy was looking increasingly cosmetic. That policy ended last week,

following a minor rally in the market sparked off by expectations of an imminent announcement from the government about its latest settlement formula. So far, the rally has been sustained, though prices are still between 10 and 40 per cent below the old official prices. The optimistic mood needs to be maintained if prices are to hold.

The settlement plan breaks down the KD 1bn in assets of those in receivership into three parts. Some 22 per cent consists of shares from the official market and from the unofficial Souk al Manakh market, another 33 per cent is in real estate, while the remaining 45 per cent consists of notes receivable.

The latter portion, is to be tackled by the Kuwait banks. They are discussing a plan to underwrite the net difference payable by those people who are solvent to those in receivership. This could involve some KD 150m, according to analysts.

The real estate assets are to be purchased by the three semi-State investment companies, together with the local real estate companies and the country's Islamic bank, the Kuwait Finance House. Local financiers believe this could cost around KD 240m which could be partially financed by soft loans from

the government. The remaining 22 per cent held in stocks, would be purchased by the Kuwait Foreign Trading, Contracting and Investment Company, now virtually a State institution.

#### Politically costly

Altogether some KD 510m is involved in this rescue operation, although most of it will come in the form of government support rather than government cash. Nevertheless, some analysts fear that the plan will have to be approved by the National Assembly, which could further delay implementation. The Souk al Manakh crisis has already proved politically costly to the government.

A new worry is a burst of renewed activity in the Souk al Manakh. A recent spurt in trading has led some to fear that cash actually paid to creditors is being ploughed straight back into the market which caused all the trouble.

Bankers want to see a steady return of confidence, not the bubbles which have proved so disastrous in the past. The prospects of that depend largely on the outcome of the government's current, and hopefully final, formula for settlement of Kuwait's 18-month-long crisis.

### Balco boosts sales and returns to the black

BY MARY FRINGS IN BAHRAIN

BALCO, the joint Bahraini-Saudi aluminium marketing company, has reported a profit of US\$29.9m for 1983, compared with a record loss of US\$22.2m for the previous year. Sales revenue of US\$288.3m was 52 per cent higher, and the volume of metal sold increased by 27 per cent to over 173,000 metric tonnes.

Although Balco's annual metal output from the 170,000 metric tonnes per year Aliba smelter is only 133,000 tonnes the company has a policy of limited stockpiling when the market is weak. Stocks were drawn down over the year from 100,000 tonnes to 50,000 tonnes.

Far Eastern companies accounted for 59 per cent of sales, while 29 per cent went to the Middle East—including the local Balcoex extension plant and hot metal to Midal Cables and Bahrain Atomisers. Another 8 per cent was shipped to South East Asia and 1 per cent each to the Indian subcontinent, Europe, Oceania, and Africa.

Ingot prices jumped from a low of US\$1,050 at the start of 1983 to US\$1,800 by the third quarter, although they fell back 6 per cent by the year-end.

Mr Faisal Ali Mirza, the general manager, believes that with increasing Government

participation in the industry worldwide, there is a case for establishing an Opec-style aluminium producing countries' cartel, Alupec, to maintain price levels by regulating production.

He points out that the International Aluminium Institute (IAI), representing most of the non-Communist world's aluminium capacity, is barred by anti-trust laws from discussing prices, and may be manipulated by speculators on the Comex and London Metal Exchanges.

At the 12th annual general meeting of IAI in Bahrain over the week-end, Shaikh

Ahmed Zaki Yamani, the Saudi Oil Minister, told delegates that plans were in hand to exploit deposits of bauxite in Saudi Arabia, 160 km north of Bahrain.

He said the aluminium oxide content of the raw bauxite found there is 57 per cent, and silicates 6 per cent. He also referred to a 200,000 mty smelter project in the Eastern Province, which was delayed when Saudi Arabia took a 20 per cent stake in Aliba, but which could still be implemented under what he called "The grand design for economic integration of the Gulf countries."

### McDonald's holds lead in Japan

TOKYO—McDonald's of Japan was the leading restaurant chain in Japan in the year to March for the second year running, with an increase in sales of 20 per cent to ¥94,687,321m.

Nihon Keizai Shinbun the Japanese economic daily said the U.S.-based hamburger chain with 386 Japanese outlets topped the list of 100 leading restaurant companies, which increased their share of Japan's ¥16,494bn restaurant industry from 11.5 per cent to 12.7 per cent.

Kozu-Sushi, a Japanese sushi chain with 2,215 outlets, was second with ¥68bn in sales, followed by the Skylark group, a family restaurant chain, with ¥67.66bn.

Kentucky Fried Chicken, the oldest foreign fast-food chain, ranked eighth with an increase of 16.5 per cent in sales to ¥52.8bn. It has 413 outlets in Japan. AP-DJ

### Datuk Keramat raises dividend

BY WONG SUI LONG IN KUALA LUMPUR

DATUK KERAMAT Holdings, the Malaysian tin smelter, is lifting its final dividend from 60 cents to 84 cents a share following a strong recovery in operating profits. This brings the total dividend for the year to December 1983 to 119 cents a share compared with 90 cents previously.

Operating profits rose by 21 per cent to 13.1m ringgit (US\$5.7m) despite a fall in turnover of 35 per cent to 462m ringgit, due to the lower volume of tin smelted.

The better earnings came from stringent cost controls following a major retrenchment exercise, and higher smelting charges.

Income from investments fell

from 3.3m ringgit to 1.4m ringgit due to lower dividends from Malaysia Mining Corporation. However, there was an extraordinary gain of 2.9m ringgit from a West Malaysian tax credit following the liquidation of a dormant subsidiary company. After-tax profits were 47 per cent higher at 10.7m ringgit or 71 cents per share.

Preussag, the West German metal and commodities group, holds about 43 per cent of Datuk Keramat.

Esso Malaysia has reported a 19 per cent rise in after-tax profits to 69.6m ringgit (US\$30m), or 1.29 cents per share for 1983, and is paying a higher final dividend of 90 cents against 70 cents, making

a total of 200 cents a share for the year, compared with 100 cents.

The company attributed the better earnings to the lower price of imported crude, its higher refining capacity, and strong sales of petroleum products.

The only soft spot in the company's operations was its ammonia business which continued to be affected by imports of low cost nitrogenous fertilisers.

The company announced that the government has approved the incorporation of 7m ringgit into its capital account arising from the revaluation of land and buildings.

These securities having been sold, this announcement appears as a matter of record only.

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April 1984

### Amaprop earns and pays more

By Our Johannesburg Correspondent

ANGLO AMERICAN Properties (Amaprop), South Africa's largest property company, benefited from particularly profitable township development operations in the year ended March 31, 1984. Pre-tax profits rose by more than half to R36.7m (\$29.5m) from R24.4m and profits attributable to ordinary shareholders rose to R22.3m from R14.7m.

Earnings increased to 52.0 cents a share from 34.6 cents and the dividend total has been raised to 22 cents from 18 cents. Amaprop is 75.4 per cent-owned by the country's largest mining house, Anglo American Corporation.

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May 1 1984 London

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This Document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to Save & Prosper Return of Assets Investment Trust PLC ("SPRAIT"). The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other

material facts the omission of which would make misleading any statement herein whether of fact or opinion. All the Directors accept responsibility accordingly. Application has been made to the Council of The Stock Exchange for the Ordinary Shares, Warrants and Cumulative Limited Participating Preferred Shares in SPRAIT, issued and to be

issued, to be admitted to the Official List. A copy of this Document having attached to it the documents referred to herein has been delivered to the Registrar of Companies for registration. The Application Lists for the Ordinary Shares and the Warrants now offered will open at 10.00 a.m. on Friday, 4th May 1984 and may be closed at any time thereafter. The Procedure for Applications is set out below.

# Save & Prosper Return of Assets Investment Trust PLC

(Incorporated under the Companies Acts 1948 to 1983 No. 1805708)

**OFFER FOR SALE OF**  
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 and  
**3,000,000 Warrants at 50p each**  
 payable in full on application  
**AND PLACING OF**  
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 at 120p per share  
 by  
**Robert Fleming & Co. Limited**

The Offer for Sale of the Ordinary Shares and the Warrants has been fully underwritten and the Directors are aware of intended applications for 11,250,000 Ordinary Shares and 2,250,000 Warrants which will be accepted in full. A proportion of the Preferred Shares will be offered to, and will be available through, the market.

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**INDEBTEDNESS**  
 SPRAIT has no loan capital (including term loans) outstanding, or created but unissued, nor any outstanding mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts, liabilities under acceptances or acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities.

**Directors**

Cholmeley Joseph Messer (Chairman)  
 Paul Terence Bateman  
 Richard Jeremy Hebbelthwaite  
 Peter John Manser  
 all of Save & Prosper Group Limited,  
 4 Great St Helens,  
 London EC3P 3EP

Joseph Burnett-Stuart  
 of Robert Fleming Holdings Limited,  
 8 Crosby Square,  
 London EC3A 6AN  
 John Dudley Webster  
 of 10 Merrydown Way  
 Christchurch, Kent  
 BF7 5RS

**Professional Advisers**

**Secretary and Registered Office**  
 Keith Ronald Sayers A.C.I.S.  
 4 Great St Helens  
 London EC3P 3EP  
**Issuing House**  
 Robert Fleming & Co. Limited  
 8 Crosby Square  
 London EC3A 6AN

**Brokers to the Issue**  
 Lang & Cruickshank  
 incorporating McNally Montgomery & Co.  
 Percy House 7 Copthall Avenue  
 London EC2R 7BE  
**Solicitors to SPRAIT**  
 Linklaters & Paines  
 Barrington House  
 59/67 Gresham Street  
 London EC2V 7JA

**Manager**  
 Save & Prosper Group Limited  
 4 Great St Helens  
 London EC3P 3EP  
**Investment Adviser**  
 Save & Prosper Investment  
 Management Limited  
 4 Great St Helens  
 London EC3P 3EP

**Auditors and Reporting Accountants**  
 Ernst & Whinney  
 Chartered Accountants  
 Becket House  
 1 Lambeth Palace Road  
 London SE1 7EU

**Solicitors to the Issuing House**  
 Freshfields  
 Grindal House  
 25 Newgate Street  
 London EC1A 7LH  
**Registrars and Transfer Office**  
 Save & Prosper Registrars Limited  
 Hexagon House 25 Western Road  
 Romford, Essex RM1 3LE

**Definitions**

"SPRAIT" or "the Company" Save & Prosper Return of Assets Investment Trust PLC  
 "Robert Fleming" Robert Fleming & Co. Limited  
 "Ordinary Shares" Ordinary Shares of 50p each in SPRAIT  
 "Preferred Shares" 63-13.3% Cumulative Limited Participating Preferred Shares of 100p each in SPRAIT  
 "Warrants" Warrants in SPRAIT with rights as set out in Appendix 1  
 "High Return" Save & Prosper High Return Unit Trust  
 "Smaller Companies Income" Save & Prosper Smaller Companies Income Fund  
 "American Income & Growth" Save & Prosper American Income & Growth Fund  
 "Trusts" High Return, Smaller Companies Income and American Income & Growth  
 "Issue" The Offer for Sale and the Placing referred to above

Unless otherwise stated, all references in this Document to valuations as at 19th April 1984 relate to valuations for that day based upon the prices of the underlying securities on the previous day.

**INTRODUCTION**

SPRAIT has been established by Save & Prosper Group Limited to meet the varied needs of different types of investor through an innovative capital structure.

- \* Its Ordinary Shares are for those seeking capital growth, but with income and prospects for income growth.
- \* Its Preferred Shares are for those requiring a secure and rising income.
- \* Its Warrants are for those not requiring immediate income but seeking greater prospects of capital appreciation with a correspondingly higher degree of risk.

The Preferred Shares carry an entitlement to a pre-determined and rising level of income and a small participation in any growth in the value of the underlying assets. After payment of the Preferred dividend all of the surplus income of SPRAIT will be available to holders of Ordinary Shares who will additionally benefit from most of any growth in the value of the underlying assets. Each Warrant will give the holder the right to subscribe one Ordinary Share and one Preferred Share at a combined price of 200p exercisable on 1st June in any year from 1990 to 1995 inclusive.

Immediately after completion of the Issue, and before any investment of the proceeds, the net asset value attributable to each Ordinary Share and each Preferred Share will respectively be 94.9p, approximately, and 100p. It is intended that SPRAIT will be wound up between 1st January 2008 and 31st December 2010.

**INVESTMENT POLICY**

The Directors have selected three authorised unit trusts managed by Save & Prosper Securities Limited in which to invest the net proceeds of the Issue (estimated at £29.23m) and any subsequent amounts subscribed by the holders of the Warrants. Such amounts will be invested as follows:

- 50% in Save & Prosper High Return Unit Trust
- 30% in Save & Prosper Smaller Companies Income Fund
- 20% in Save & Prosper American Income & Growth Fund.

The combined investment in the Trusts provides a portfolio which is expected to offer a gross yield, calculated as at 19th April 1984, of approximately 6.25% compared with approximately 4.4% on the FT Actuaries All-Share Index. This estimated yield will, particularly in the first accounting period, be reduced by an element of equalisation: see "Accounts and Dividends" below for further information.

Save & Prosper Securities Limited, the managers of the Trusts, has agreed to issue units in the Trusts to SPRAIT at the prevailing offer price less the managers' preliminary charge of 5% (or 5.25% in the case of American Income & Growth). For further details see "Contracts" in Appendix 4.

The Directors believe that the following make the UK stock market attractive and make it a particularly appropriate time to invest in the Trusts:

- Corporate profits have begun to benefit significantly from productivity gains which have been achieved as a result of severe cost cutting measures in the preceding years of recession. The earnings progress being recorded is enabling corporate dividends to advance sharply.
- It is proposed in the Finance (No. 2) Bill 1984 that stamp duty on stock transfers should be halved to 1%, thereby reducing the costs of dealing in the underlying investments.
- It is proposed in the Finance (No. 2) Bill 1984 that corporation tax rates should be reduced to 45% for the financial year (within the meaning of the Income and Corporation Taxes Act 1970) 1984, 40% for 1985 and 35% for 1986. This will increase the ability of many companies to finance themselves through retained profits or will enable them to pay larger dividends.

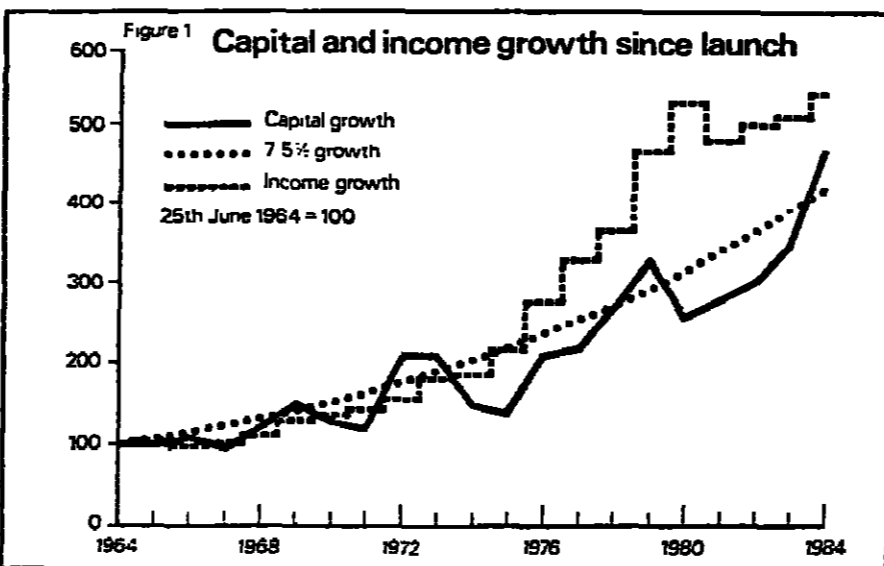
The Directors also consider that a proportion of SPRAIT's assets should be invested in the United States as they believe that prospects for the US economy are sound. There has been a significant correction in the level of the US stock market since the high point in 1983 and this gives scope for increases in US share prices. American Income & Growth will also benefit particularly from the proposed reductions in UK corporation tax rates. The Articles of Association of SPRAIT provide that it will invest only in the Trusts in the prescribed proportions unless the prior sanction of the Preferred Shareholders and the Ordinary Shareholders as separate classes has been obtained.

**THE TRUSTS**

Information on the Trusts (including details of their current investment policies) is set out below, and further details appear in Appendix 2.

**High Return**

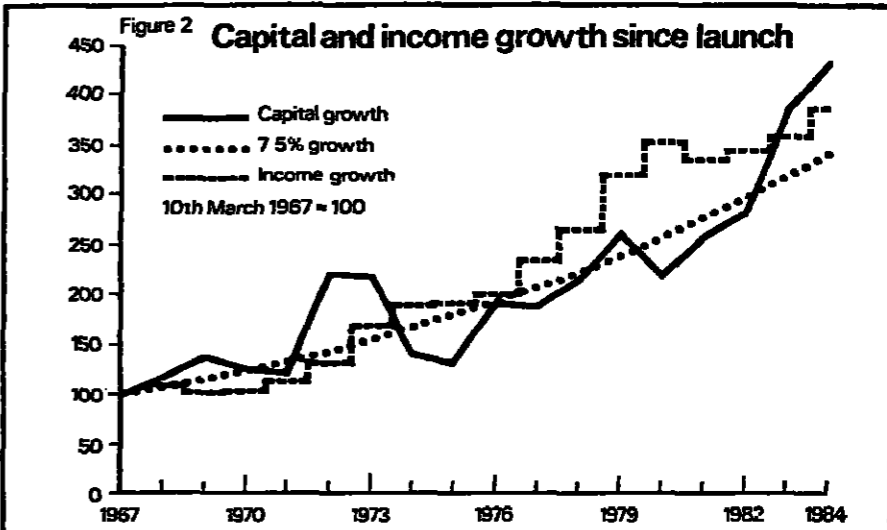
High Return was launched on 25th June 1964 and its investment objective is to provide a portfolio designed to achieve a high income from stocks and shares. The Trust currently provides a broad exposure to the UK market, notably the consumer goods and capital goods sectors, with a strong representation in the manufacturing sector and certain other areas which have experienced depressed conditions during the past four years. Figure 1 illustrates the income and capital performance of High Return since launch compared with a constant 7.5% compound annual growth rate. During the period from launch to 19th April 1984 the offer price of the Trust's units rose by 374.4%, an average annual rate of 8.16% compound. Over the years 1965 to 1984 inclusive (taking into account the projection for 1984) the Trust also achieved an average income growth of 8.49% compound per annum. On 19th April 1984 the value of the Trust at its offer price was £66.8m and its estimated gross yield was 5.79%.



Note to graph. 1984 income is projected. Capital performance is measured at 1st April each year after the year of launch.

**Smaller Companies Income**

Smaller Companies Income was launched as Scotbor Income Fund on 10th March 1967 and adopted its present name in 1982. Originally it had invested for a high and increasing income in a wide range of investments. During the 1970s the investment emphasis shifted towards smaller UK companies. Its present investment objective is to provide a portfolio designed to achieve a high and increasing income from stocks and shares predominantly of smaller companies. On 19th April 1984 the value of the Trust at its offer price was £18.0m and its estimated gross yield was 4.99%. Figure 2 shows the income and capital performance of the Trust since launch compared with a constant 7.5% compound annual growth rate. From launch to 19th April 1984 the offer price of the Trust's units rose by 321.6%, an average annual rate of 8.76% compound. Over the years 1968 to 1984 inclusive (taking into account the projection for 1984) the Trust achieved an average income growth of 7.82% compound per annum.



Note to graph. 1984 income is projected. Capital performance is measured at 1st April each year after the year of launch.

**American Income & Growth**

American Income & Growth was launched on 25th February 1984 at an offer price of 50p per unit. On 19th April 1984 the offer price was 50.7p, the value of the Trust £4.5m and its estimated gross yield was 6.21%. As all of the Trust's income is unfranked, the proposed changes in corporation tax rates have a particularly significant impact on the amounts available for distribution. The estimated gross yield reflects the proposed reduction in the corporation tax rate for the current financial year, and the Trust will benefit in due course from the proposed further changes. The Trust's investment objective is to provide a portfolio of higher-yielding securities invested in the growth areas of the United States economy. The Trust invests across a broad range of such securities, mainly convertible bonds. The Directors believe that US convertibles are attractive for three main reasons:

- they offer a higher level of income than on the corresponding equity with long-term capital growth prospects;
- their price can increase both when interest rates fall and when the corresponding equity price rises; and
- they provide more secure income than the corresponding equity.



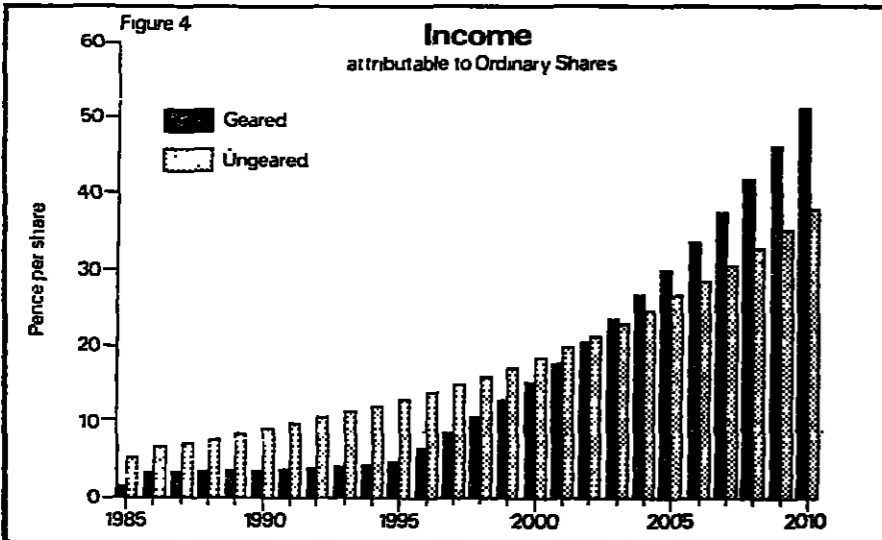
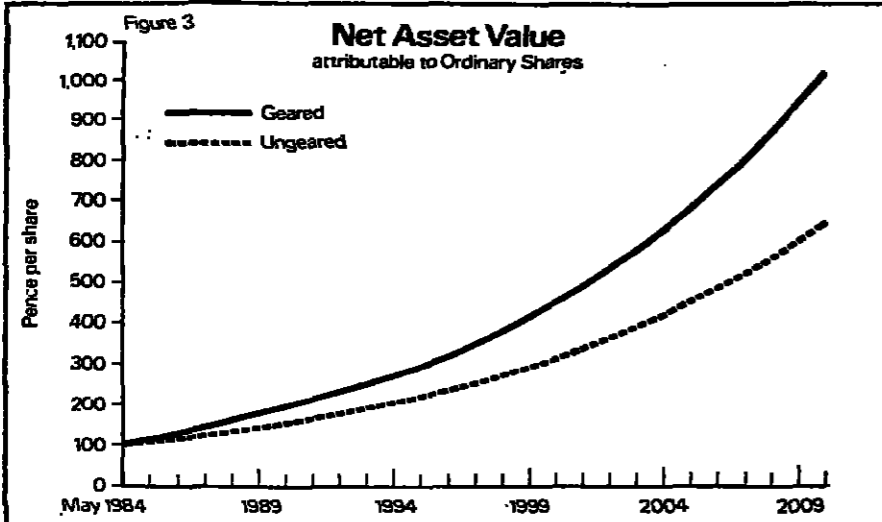
CAPITAL STRUCTURE

Preferred Shares

The return on the 100p nominal value of the Preferred Shares will be 6.3% per annum (exclusive of the associated tax credit) for the period ending 31st May 1985 and will rise in steps of 0.7% per annum until it reaches 13.3% in 1995 after which it will remain at that level.

Ordinary Shares

Ordinary Shareholders will be entitled on the liquidation of SPRAIT (after payment of 100p on the Preferred Shares) to 100p per Ordinary Share, to any amounts standing to the credit of revenue reserves and to 50% of any surplus.



Note to Figure 4: The income attributable to Ordinary Shares in 1985 has been significantly reduced to reflect the equalisation element in the first distributions to be received from the Trusts—see 'Accounts and Dividends' below.

The effect of the gearing provided by the Preferred Shares on the above bases can be seen to be both significant and beneficial. If a rate of growth of more than 7.5% in the underlying investments is achieved this effect is even more marked.

Further Issues: Save with the prior sanction of Preferred Shareholders, Ordinary Shareholders and Warrant holders as separate classes, no further shares may be issued except to satisfy subscription rights under the Warrants.

DIRECTORS AND MANAGEMENT

C. J. Messer, aged 55, is the Chairman of SPRAIT and has been the executive Chairman of Save & Prosper Group Limited since 1981. P. T. Bateman, aged 38, has been the executive Director of Save & Prosper Group Limited responsible for Marketing and Development since 1981.

TAX

The Directors have been advised that SPRAIT should, on the present facts, qualify for approval as an Investment Trust under Section 359 of the Income and Corporation Taxes Act 1970, the effect of which, under present legislation, is that SPRAIT will not be liable to tax on capital gains.

ACCOUNTS AND DIVIDENDS

The financial year end of SPRAIT is 31st May. The first accounts, which will be made up to 31st May 1985, will be published in July 1985. Dividends will normally be paid on Preferred Shares on 31st May and 30th November in each year (the first dividend payment, adjusted to reflect the period from the date of allotment, being paid on 30th November 1984).

OTHER INFORMATION

Your attention is drawn to Appendices 1 to 4 which form part of this Document.

APPENDIX 1

Particulars of the Warrants

- Warrants will be issued subject to and with the benefit of the following Conditions—
1. Subscription Rights
(a) A registered holder ('a holder') of a Warrant shall have rights to subscribe ('subscription rights') in cash on 1st June 1985...

APPENDIX 2

Information on the Trusts

Table with columns: Holding, Offer price valuation, and details for High Return trusts. Includes trusts like King & Shearson, Liverpool Daily Post & Echo, etc.

Smaller Companies Income

Table showing valuation for 19th April 1984 of investments and other net assets of the Trust as follows. Columns: Holding, Offer price valuation, and list of companies like AIM Group, Alexander (Walter), etc.

Initially SPRAIT will invest approximately £8.8m in this Trust

American Income & Growth

Table showing valuation for 19th April 1984 of investments and other net assets of the Trust as follows. Columns: Holding, Offer price valuation, and list of American companies like American Medical International, etc.

Initially SPRAIT will invest approximately £5.8m in this Trust.

2. FURTHER INFORMATION

Management Changes: The Trust Deed of each Trust permits the unit trust managers to include in the unit offer price an initial charge not exceeding 5% of the net assets of the Trust.

Distribution Dates

High Return: 28th February and 28th August. Smaller Companies Income: 15th May and 15th November. American Income & Growth: 15th June and 15th December.

Trustees

The trustee for each Trust is Bank of Scotland, The Mound, Edinburgh EH1 1YZ which holds the title to the Trusts' investments.

Liability

None of the units in the Trusts is listed on any stock exchange.

Trust Details

The Trust Deeds constituting the Trusts contain provisions, inter alia, to the following effect: (a) For the managers to purchase units from subscribers at a price per unit being not less than the price ascertained by dividing the value of the deposited property...

APPENDIX 3

Accountants' Report

The following is a copy of a report dated 30th April 1984 received by the Directors of SPRAIT and Robert Fleming from Ernst & Whinney, the Auditors to SPRAIT: 'The Directors, Save & Prosper Return of Assets Investment Trust PLC, 4 Great St Helens, London EC2A 3EP.'



Handwritten signature in Arabic script: محمد احمد التوفيق



APPENDIX 4

Statutory and General Information

Share Capital

SPRAT was incorporated in England on 3rd April 1984 as a public limited company under the Companies Act 1948 to 1983 with registered no. 1806708 and with an authorised share capital of £50,000 divided into 100,000 Ordinary Shares of 50p each.

Articles of Association

The Articles of Association of SPRAT contain, inter alia, provisions to the following effect:—

- (a) Duration: Unless released from such obligation by Extraordinary Resolutions passed at separate General Meetings of the Ordinary Shareholders and the Preferred Shareholders on or before 31st December 2007, the Board shall sit at such times as it shall think fit.
- (b) The minimum number of Directors is two and the maximum ten.
- (c) Subject to the provisions of the Companies Act 1948 to 1983, the Directors may from time to time appoint one or more of their number to be the holder of any executive office on such terms (including remuneration) as they think fit.

(d) The Directors shall have the power to borrow money and to mortgage or charge any undertaking, property and uncalled capital and, subject to the Companies Act 1948 to 1983 and to the Articles, to issue debentures and other securities.

(e) The Directors shall have the power to borrow money and to mortgage or charge any undertaking, property and uncalled capital and, subject to the Companies Act 1948 to 1983 and to the Articles, to issue debentures and other securities.

(f) The Directors shall have the power to borrow money and to mortgage or charge any undertaking, property and uncalled capital and, subject to the Companies Act 1948 to 1983 and to the Articles, to issue debentures and other securities.

(g) The Directors shall have the power to borrow money and to mortgage or charge any undertaking, property and uncalled capital and, subject to the Companies Act 1948 to 1983 and to the Articles, to issue debentures and other securities.

(h) The Directors shall have the power to borrow money and to mortgage or charge any undertaking, property and uncalled capital and, subject to the Companies Act 1948 to 1983 and to the Articles, to issue debentures and other securities.

(i) The Directors shall have the power to borrow money and to mortgage or charge any undertaking, property and uncalled capital and, subject to the Companies Act 1948 to 1983 and to the Articles, to issue debentures and other securities.

(j) The Directors shall have the power to borrow money and to mortgage or charge any undertaking, property and uncalled capital and, subject to the Companies Act 1948 to 1983 and to the Articles, to issue debentures and other securities.

(k) The Directors shall have the power to borrow money and to mortgage or charge any undertaking, property and uncalled capital and, subject to the Companies Act 1948 to 1983 and to the Articles, to issue debentures and other securities.

(l) The Directors shall have the power to borrow money and to mortgage or charge any undertaking, property and uncalled capital and, subject to the Companies Act 1948 to 1983 and to the Articles, to issue debentures and other securities.

(m) The Directors shall have the power to borrow money and to mortgage or charge any undertaking, property and uncalled capital and, subject to the Companies Act 1948 to 1983 and to the Articles, to issue debentures and other securities.

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(o) The Directors shall have the power to borrow money and to mortgage or charge any undertaking, property and uncalled capital and, subject to the Companies Act 1948 to 1983 and to the Articles, to issue debentures and other securities.

(p) The Directors shall have the power to borrow money and to mortgage or charge any undertaking, property and uncalled capital and, subject to the Companies Act 1948 to 1983 and to the Articles, to issue debentures and other securities.

(q) The Directors shall have the power to borrow money and to mortgage or charge any undertaking, property and uncalled capital and, subject to the Companies Act 1948 to 1983 and to the Articles, to issue debentures and other securities.

(r) The Directors shall have the power to borrow money and to mortgage or charge any undertaking, property and uncalled capital and, subject to the Companies Act 1948 to 1983 and to the Articles, to issue debentures and other securities.

(s) The Directors shall have the power to borrow money and to mortgage or charge any undertaking, property and uncalled capital and, subject to the Companies Act 1948 to 1983 and to the Articles, to issue debentures and other securities.

(v) Robert Fleming Holdings Limited and its subsidiaries together own approximately 58% of the issued ordinary share capital of Save & Prosper Group Limited.

General

- (a) Save as disclosed under "Share Capital" and "Offer for Sale and Placing Agreement" above: (i) no share or loan capital of SPRAT has been issued or agreed to be issued for cash or otherwise since its incorporation.
- (b) no commissions, discounts, brokerage or other special terms have been agreed by SPRAT since its incorporation in connection with the issue of any of its share capital; and
- (c) no share or loan capital of SPRAT is under option or agreed conditionally or unconditionally to be put under option.

Procedure for Applications

Save & Prosper Registrars Limited, 4 Great St Helens, London EC3P 3EP will receive applications as follows:

Ordinary Shares—a minimum of 500 shares and in multiples of 100 shares up to 1,000 shares, thereafter in multiples of 500 shares up to 10,000 shares and thereafter in multiples of 1,000 shares.

Warrants—a minimum of 500 Warrants and in multiples of 100 Warrants up to 1,000 Warrants, thereafter in multiples of 500 Warrants up to 10,000 Warrants and thereafter in multiples of 1,000 Warrants.

Applications must be made on the relevant Application Form provided and must be accompanied by a separate sterling cheque or banker's draft for the full amount payable on application, which must be drawn on a branch in England, Scotland, Wales or Northern Ireland of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by the members of those clearing houses and must bear the appropriate sorting code number in the top right hand corner.

Cheques/banker's drafts must be made payable to "Save & Prosper Registrars Limited" and crossed "Not Negotiable". It is intended to clear the cheques of successful applicants and to retain Letters of Acceptance and surplus application moneys pending such clearance. Nevertheless, the right is reserved to present all cheques/banker's drafts for payment on receipt. Completion and delivery of an Application Form accompanied by a cheque will constitute a warranty that the cheque will be honoured on first presentation; attention is drawn to the declaration in the Application Form to that effect.

Acceptance of applications is conditional on the Council of The Stock Exchange having agreed to admit the share capital of the Company and Warrants, issued and now being issued, to the Official List not later than 17th May 1984. Moneys paid in respect of applications will be returned if such condition is not fulfilled by that date and in the meanwhile will be retained by Save & Prosper Registrars Limited in separate bank accounts for shares and Warrants pending allocation or return of application moneys or any excess thereof.

Table with 2 columns: Year ending 31st May, Rate per cent. Rows for years 1985 to 1994 and subsequent years.

Application Form—ORDINARY SHARES

The application list for the Ordinary Shares now offered for sale will open at 10 a.m. on Friday, 4th May 1984 and may be closed at any time thereafter. This Form must be completed, together with a sterling cheque or banker's draft drawn on a branch in England, Scotland, Wales or Northern Ireland of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by the members of those clearing houses and bearing the appropriate sorting code number in the top right hand corner made payable to "Save & Prosper Registrars Limited", and crossed "Not Negotiable", representing payment in full of the application price.

SAVE & PROSPER RETURN OF ASSETS INVESTMENT TRUST PLC

Offer for Sale by Robert Fleming & Co. Limited of 15,000,000 Ordinary Shares of 50p each at 70p per share payable in full on application.

Form fields for Application Form—ORDINARY SHARES: Number of Ordinary Shares applied for, Amount enclosed at 70p per share.

Form fields for Application Form—ORDINARY SHARES: Signature, Dated, Please use Block Capitals, Surname (Mr., Mrs., Miss or Title), Christian or Forename(s), Address (in full).

A corporation should sign under the hand of a duly authorised officer who should state his representative capacity. No receipt will be issued for the payment on application, but an acknowledgment will be forwarded through the post on due course.



(v) There were attached to the copy of this Document delivered to the Registrar of Companies for registration the Application Forms, copies of the Report of Ernst & Wynnery and their written consent referred to below and of the agreements referred to under "Contracts" above.

Consent

Ernst & Wynnery have given and have not withdrawn their written consent to the issue of this Document with the inclusion therein of their Report set out above in the form and context in which it is included.

Documents on display

Copies of the following documents will be available for inspection at the offices of Linklaters & Paines, Barrington House, 59/67 Grosvenor Street, London EC2V 7JA during normal business hours on any weekday (Saturdays and Public Holidays excepted) for 14 days from the date hereof:

- (i) the Memorandum and Articles of Association of SPRAT;
- (ii) copies of the documents attached to the copy of this Document delivered to the Registrar of Companies as referred to above;
- (iii) the Trust Deeds of the Trusts; and
- (iv) the published audited accounts for the latest two financial years of High Return and Smaller Companies Income.

30th April 1984.

moneys or the balance of such moneys, as the case may be, will be returned, without interest, through the post at the applicant's risk. It is expected that Letters of Acceptance for Ordinary Shares and Warrants will be posted at the applicant's risk to successful applicants on 10th May 1984.

Arrangements have been made for the registration by the Company of the Ordinary Shares and Warrants now offered for sale in the names of successful applicants or persons in whose favour Letters of Acceptance have been renounced free of stamp duty, provided that, in cases of renunciation, Letters of Acceptance (duly completed in accordance with the instructions contained therein) are lodged for registration not later than 15th June 1984. Definitive Share Certificates and Warrants will be posted by 13th July 1984.

No person receiving a copy of this Document or any accompanying document in any territory other than the United Kingdom may treat the same as constituting an invitation to him nor should he in any event use any Application Form, unless in the relevant territory such an invitation could lawfully be made to him or such Form could lawfully be used without compliance with any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself as to full observance of the laws of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required and observing any other formalities needing to be observed in such territory. All applications under this Document, acceptances thereof and the resulting contracts shall be governed by and construed in accordance with the laws of England.

Copies of this Document with Application Forms may be obtained from:

- Save & Prosper Group Limited, 4 Great St Helens, London EC3P 3EP.
- Robert Fleming & Co. Limited, 8 Crosby Square, London EC3A 6AN.
- Save & Prosper Group Limited, Erskine House, 68/73 Queen Street, Edinburgh EH2 4NX.
- Laing & Cruickshank, incorporating McAnally Montgomery & Co., Piercy House, 7 Copthall Avenue, London EC2R 7BE.
- Save & Prosper Group Limited, Trident House, Renfrew Road, Paisley PA3 4EF.

Application Form—WARRANTS

The application list for the Warrants now offered for sale will open at 10 a.m. on Friday, 4th May 1984 and may be closed at any time thereafter. This Form must be completed, together with a sterling cheque or banker's draft drawn on a branch in England, Scotland, Wales or Northern Ireland of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by the members of those clearing houses and bearing the appropriate sorting code number in the top right hand corner made payable to "Save & Prosper Registrars Limited", and crossed "Not Negotiable", representing payment in full of the application price.

SAVE & PROSPER RETURN OF ASSETS INVESTMENT TRUST PLC

Offer for Sale by Robert Fleming & Co. Limited of 3,000,000 Warrants at 50p each payable in full on application.

Form fields for Application Form—WARRANTS: Number of Warrants applied for, Amount enclosed at 50p per Warrant.

Form fields for Application Form—WARRANTS: Signature, Dated, Please use Block Capitals, Surname (Mr., Mrs., Miss or Title), Christian or Forename(s), Address (in full).

A corporation should sign under the hand of a duly authorised officer who should state his representative capacity. No receipt will be issued for the payment on application, but an acknowledgment will be forwarded through the post on due course.



UK COMPANY NEWS

Pentland's 65% rise confirms progress

THE MARKED improvement foreseen at mid-way by the directors of Pentland Industries was confirmed with the announcement of a 65 per cent increase in taxable profits, up from £1.01m to £1.68m, for calendar 1983.

There will be a final dividend of 1.75p against 1.455p, to lift the total from 1.85p to 2.17p. A one-for-four scrip issue is proposed.

Turnover rose by £11.55m to £51.45m while tax absorbed £423,000 this year against a £120,000 credit. Minorities took £229,000, up from £89,000, and there was an extraordinary debit of £22,000 (£8,000) to leave £283,000, attributable, down from £1.4m.

Commenting on the current year, the directors state that first quarter trading is ahead of the comparable period and that indications are encouraging for the remainder of the year.

Earnings per share stood at 7.46p, against 7.31p restated after the elimination of the previous year tax adjustment amounting to 139,000.

Pentland is controlled ultimately by Robert Stephen Holdings. Its business is that of an industrial holding company.

comment

Pentland's emergence from four years in the doldrums sent the shares up 8p to 103p, beating the previous high by 4p. The 29 per cent increase in sales came with a slight widening in margins—a more than usually welcome achievement for a company which devotes 70 per cent of its turnover to the cut-throat athletics and leisure industries. Margins in the U.S. were doubtless helped by the strength of the dollar, especially on Brazilian and Far Eastern imported footwear. The fact that Pentland does almost no manufacturing adds flexibility to its pricing and should make it easy to turn on the tap when demand strengthens. There are limits, however. Reebok has been forced to hold off new orders until July and the suppliers have found it hard to keep up momentum for the Kickers business. At home, one or two troublesome start-up ventures have begun to come good. That, plus a boost to volumes expected from the summer Olympics points to perhaps £2m pre-tax this time, indicating a multiple of almost 11, assuming a 25 per cent tax charge.

Foseco Minsep up £5.8m after better second half

A SHARP recovery in the second six months enabled Foseco Minsep to push its pre-tax profits for the full 1983 year up from a depressed £14.57m to £20.62m.

In their interim statement the directors said the first-half figures reflected some recovery from the depressed conditions encountered in the second half of 1982 and they looked for a continuation of the improvement.

Pre-tax profits for the second six months of 1983 rose from last year's £8.54m to £12.81m. Mr David Atterton, the chairman, said yesterday that the group's performance in the current year so far was "not bad". He added that the profits from 4.25p to 4.7p to make a net total of 7.25p (7p).

Group sales, including those of the related companies, expanded from £267.41m to £287.66m and a divisional breakdown of these and trading profits showed: Foseco £193.54m (£185.46m) and £13.8m (£11.2m); Unicorn £105.41m (£100.08m) and £4.9m (£3.7m); Foseco £78.41m (£52.85m) and £25.02m (£18.63m); and Fosmin £17.31m (£18.98m) and £0.85m (£0.61m). Group management and services accounted for £1.48m (£1.62m).

Foseco Minsep is a manufacturer of specialised chemical and other products used principally by the metallurgical construction, engineering and mining industries. Pre-tax profits were struck after deducting net interest charges of £3.47m, compared with a previous £4.45m. Tax rose by £556,000 to £8.45m to leave the net balance £5.2m ahead at £12.17m. Minorities and preference dividends absorbed £1.64m (£940,000) but extraordinary items added £13,000 (took £12.12m). The profit attributable to ordinary shareholders emerged at £10.55m (£8.08m loss).

Allowing for current cost adjustments pre-tax profits totalled £16.1m (£8.5m) and on the same basis earnings per share amounted to 7.9p (0.5p loss). See Lex

HIGHLIGHTS

The strength of the dollar against sterling is examined by Lex which surveys the latest currency swings in the light of a disappointing performance of the UK balance of payments. The column goes on to look at the commercial property market, against the background of a sharp rise in Hamersson's income. Elsewhere, Save & Prosper has launched its Return of Assets Investment Trust and Hanson Trust, has sold one of its original American operations, Seacoast, for £21m.

and accounted for £750,000 of the sector's gain in trading profits. With full-year earnings up by 5.5p to 12.9p per 25p share the final dividend is being lifted from 4.25p to 4.7p to make a net total of 7.25p (7p).

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Allowing for current cost adjustments pre-tax profits totalled £16.1m (£8.5m) and on the same basis earnings per share amounted to 7.9p (0.5p loss). See Lex

Hamersson £27m profit: dividend up to 15p

THE INCREASE in profit achieved by Hamersson Property Investment and Development Corporation for 1983 turns out to be nearly 56.5m. The pre-tax balance for the year came to £26.9m, compared with not less than £2.6m forecast and with £20.41m recorded for 1982.

As promised, the final dividend is 12p on capital increased under the acquisition of the Mascon Corporation, and makes a net total of 15p for the year, against 13p. Shareholders are to be given the option to take shares in lieu of all or part of their final dividend (details will come later), and there is to be a one-for-one scrip issue.

At the end of the year the value of the group's investment property portfolio was £280.3m. In the year, gross rental income expanded from £68.15m to £74.75m, and there was a profit of £24.95m (£16.06m) in addition, the net attributable profit was £17.53m (£12.45m). Earnings come to 25.78p (21.19p) per share.

There are extraordinary credits of £304,000 (£3.5m, which included £6.5m generated by the Australian Mutual President transaction) and the dividend cost is £10.97m (£8.69m). See Lex

When the trust is wound up, planned to be in the period 2008-2010, the preferred shares will be entitled to a return of 100p plus 10 per cent of assets, while the ordinary shareholders will receive 100p plus 90 per cent of assets.

Effectively the premium being paid by the buyers of preferred shares and the cash from the sale of warrants is paying for the discount to assets at which the ordinary shares are being sold.

Moreover, the existence of the low risk preferred shares allows a much higher gearing, both capital and income, on the ordinary shares. The two types of shares appeal to different sorts of investors—the preferred mainly to investment trusts, unit trusts and individuals, and the ordinary to long term funds such as pension funds and life companies.

The cash raised, £29.3m after expenses, will be invested 50 per cent in the S & P High Return fund, 30 per cent in the S & P Small Companies Income fund and, to gain some international exposure, 20 per cent in the American Income & Growth fund. The combined yield on the three is 6 1/2 per cent.

S. & P. and Laing & Cruickshank have come up with an interesting new line in investment trusts, and there could soon be imitators. The launch should be a success, with buyers for a large part of the issue already found. The high gearing on the ordinary shares, kindly provided by the preferred shareholders in return for their guaranteed income, depends on a 7 1/2 per cent annual growth rate of the trust's assets and income. If the rate is significantly lower, ordinary shareholders will be worse off than in an ungeared fund. The managers seem confident of achieving that target, as they have done on two of the unit trusts (the third is new) over the past 15 to 20 years.

New trust launched by S & P

Save & Prosper, the investment management group 88 per cent owned by merchant bank Robert Fleming, is launching a new investment trust through a £25m offer for sale and placing a trust, called the Save & Prosper Return of Assets Investment Trust (SPRAIT), will invest solely in three S & P unit trusts. Brokers to the issue are Laing & Cruickshank.

The prospectus is issued today, application lists open on May 4 and dealings are expected to start on May 11.

The trust has a novel and complex capital structure with two classes of shares—preferred and ordinary—and warrants. The 15m preferred shares, being placed at 120p a share, will attract an initial dividend of 6.3p net (giving a gross yield of 7.5 per cent) rising by 0.7p net each year until 1986, after which the preferred dividend will be static.

The ordinary shares, also 15m in number, are being offered at 70p each, a 30 per cent discount to the asset value of 100p. The starting yield of 5 per cent will be low compared with

Better margins boost Menzies to over £13m

IMPROVEMENT in margins in the retail division and subsidiaries has been achieved by John Menzies in the 53 weeks ended January 31 1984. From sales 15 per cent higher at £461.2m, compared with £401.6m, the pre-tax profits have been pushed up by 26 per cent, from £10.5m to £13.2m. The dividend is raised by 1p to 6p net, with a final 4p, and there is to be a 1-for-1 scrip issue.

The directors of this wholesale and retail newsgate, book-selling, stationery and toy group, report that all activities enjoyed a satisfactory year with sales benefiting from the economic recovery. Sales of micro-computers were outstanding although restricted by supply shortages.

Menzies has been active in the acquisition of related businesses and the opening of new outlets, while improving the retail chain.

As regards the Budget proposals, the directors say the group tax charge will come closer to the prevailing rate of corporation tax. Overall, the Budget should be helpful to consumer discretionary expenditure.

The current year has started well and they are optimistic that the group will add a further period of profit growth to the last 10 years of unbroken rise.

Net operating costs during the year absorbed £448m (£391.1m) and that included interest paid of £2.2m (£2.5m). After tax £4m (£2.5m) of which £600,000 this time is deferred—minorities £20,000 (£100,000) and extraordinary debits £5.2m (£8.1m) representing goodwill written off

DIVIDENDS ANNOUNCED

Table with columns: Company Name, Current payment, Date, Corrected payment, Total last year, Total this year. Includes companies like Albany Inv., Brit. Inv. Tot., Foseco Minsep, Grevelin, Hamersson Prop., Kwik-Fit, P. & W. Maclellan, John Menzies, Pentland Inds., Ropner, Silvermines, Singapore Para, Utd. Friendly Ins., Windsor Securities Int. 05.

Dividends shown per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ For nine months. ¶ Irish currency throughout.

from acquisitions made in the year, the net profit attributable came out at £3.8m (£1.8m). Earnings are shown at 31.7p (27.8p) per share.

It looks as if Menzies' remarkably steady growth record will continue into the current year. On the retailing side, though, progress may be slowing. Store area grew by 5 1/2 per cent last year, and should increase by a further 4 per cent this year. But whereas last year some small CTNs were still being sold off, that process is now complete, and all Menzies outlets are profitable. The distribution side is not an inherently growing area,

though it should be possible to improve on last year's strike-hit performance. But the group is still active in making acquisitions—no less than five last year—and is building up an interesting sideline in book distribution to libraries. It now has sales of £30m in this division, being the biggest operator in the UK, Australia and Canada, and having established a presence in the U.S. through last year's John Coutts acquisition. The company's own projection for current year pre-tax—subject to the usual caveats—is £16m. On an expected 40 per cent tax charge, this puts the shares—up 25p at 378p—on a fairly modest prospective multiple of 11.

32% offer for sale gives Comcap full SE listing

BY ALISON HOGAN

Comcap, a company which supplies and finances IBM computer equipment in the UK and Europe, was established in 1978 with a capital investment of just £50,000. Next Tuesday it expects to join the Stock Exchange with a full listing and a market capitalisation in excess of £20m.

From day one, the management insisted that every deal must make cash profits and that customers should be fairly large and highly credit worthy so that almost all funding was non-recourse business.

European operating subsidiaries in Germany, Switzerland, Holland and Denmark are all operated by local people who have the strong incentives of a sizeable stake in the company and high degree of autonomy to develop the business.

The result has been a growth in pre-tax profits from £19,000 in 1980 to £1.1m in the year to December 1983. Turnover over the same period has grown from £7.25m to £31.95m of which over 65 per cent came from overseas.

The company now has a portfolio of leased IBM computer equipment in excess of £33m. It follows a very conservative accounting policy and does not recognise as income any residual value of leased equipment until it is either remarketed or released.

A large proportion of the existing portfolio will be reverting to Comcap in the next couple of years (41 per cent by the end of 1986) and some £2.5m could be realised from the renewal of

United Friendly expansion

BY ALISON HOGAN

Pre-tax profits expanded from a restated £2.51m to £7.44m at United Securities Market company United Friendly Insurance for 1983. The net final dividend has been lifted from 6.75p to 8.25p which increases the total from 8.5p to 12.25p.

Accounting policy for expenses arising on settlement of claims changed during 1983 from a cash to an accruals basis. It is considered that this policy will give a fairer presentation of results.

Provision for expenses arising on settlement of claims outstanding at the end of 1983, less tax was £312,000. In restating results for 1983 on basis of the new policy, a net charge has been made in that year of £58,000. The remainder, £254,000 relating to 1981 and earlier years, has been charged against retained profit brought forward at the beginning of 1982.

For the year under review there was a transfer from revenue accounts in general business of £2.91m (transfer to the same of £702,000). In long term business, industrial amounted to £2m (£1.73m) and ordinary to £500,000 (£450,000) while investment income slipped from £2.25m to £2.11m.

Wardley London will be offering for sale around 32 per cent of its IBM computer personal equipment—in its lifecycle a computer may be moved to a number of different users in different countries.

Atlantic Leasing is an obvious comparison to Comcap on the Stock Exchange, though much larger, with some different interests and different accounting policies.

Wardley London will be offering for sale around 32 per cent of its IBM computer personal equipment—in its lifecycle a computer may be moved to a number of different users in different countries.

ROTHSCHILD ASSET MANAGEMENT (CI) St Julian's Court, St Peter Port, Guernsey GY41 26741 O.C. INTERNATIONAL RESERVES LIMITED

Table with columns: Currency, AS, DKR, HK\$ and Yield. Includes Australian Dollars, Danish Kroner, Hong Kong Dollars.

Kleinwort Benson was the only foreign bank in the 1983 top ten initiators of U.S. Mergers & Acquisitions

\*Source: Corporate Financing Week.

Graphic showing various companies and their relationships with Kleinwort Benson, including J Sainsbury plc, Dana Corporation, Johnson & Starkey Limited, Ballough plc, Portals Water Treatment, Inc., Portals Holdings PLC, Zimbe Corporation, Kleinfort, Benson (North America) Corporation, Hamphrey & Chappell Limited, ENSEARCH International Investments Ltd, ENSEARCH Corporation, Kleinfort, Benson (North America) Corporation, Kleinfort, Benson (North America) Corporation, Kleinfort, Benson (North America) Corporation, Kleinfort, Benson (North America) Corporation.

Kleinwort Benson The International Merchant Bank 20 Fenchurch Street, London EC3P 3DB Tel: 01-623 8000

Manufacturers Hanover Industrial Finance Limited and M H Credit Corporation Limited have combined their asset financing operations in a new company: Manufacturers Hanover Finance Limited. The head office will be: Charles Stuart House, 28 Church Street, Epsom, Surrey KT17 4QP Telephone: Epsom (78) 26122. The leasing division address will remain: 22 Austin Friars, London EC2N 2EN Telephone: 01-600 5666. Manufacturers Hanover Finance Limited is the UK affiliate of Manufacturers Hanover Leasing Corporation, the world's largest bank-affiliated equipment finance company with a managed and direct portfolio in excess of US\$5 billion.

Handwritten note in Arabic script: طوكو اهدن الفل



## UK COMPANY NEWS

### Ropner profits down £2m to £3.4m but dividend maintained

ALTHOUGH SECOND half profits of Ropner, shipowner, insurance broker, engineer, were higher than those of the first half 1983 year, figures were well down at £3.39m pre-tax, compared with £5.47m for the previous nine months.

The dividend is maintained, however, at 4.5p net per 25p share with a same-again distribution of 2.75p.

After six months profits had slumped to £1.42m (£3.54m), the directors were expecting property sales in the second half to lift profits against those of the first.

They now say that these did not materialise and that it seems probable the exchange of contracts, the point at which profit is taken, will not arise until the second half of the current year.

The directors explain that the reduction in the 1983 profits arose partly from an increased net interest charge—up from £1.68m to £2.25m—but more from the absence of property sales and from the repaying of a large Airtech contract.

A divisional analysis of pre-tax profits shows: shipping £1.15m (£2.35m); engineering £2.14m (£2.35m); garden products £1.4m (£1.72m); insurance broking £145,000 (£297,000); property development £68,000 loss (£1.35m profit); investment income not directly related to trading activities £541,000 (£1.19m).

The directors say that following the successful integration of Associated Sprayers, acquired in March 1983, the garden products sector had a good year.

Roth Fozelock-ASL and Airtech made an encouraging start in the current year and have good order books. While the shipping freight market shows only a slight sign of improvement, results from the shipping division will benefit by a £376,000 per annum reduction in the shipping freight charge following the downward revaluation of m.v. Salmonpool.

Turnover for the period advanced from £30.86m to £40.12m after tax £1.63m (£2.58m), minority £29,000 (£214,000) and extraordinary credits, much higher at £4.7m (£37,000)—deferred tax provision release—the attributable balance came through doubled at £6.42m, compared with £3.2m.

Dividends will absorb £1.427 (£1.36m). Earnings per share are shown as 5.9p against 10.5p.

### Rothschild draws \$22m for new currency fund

N. M. Rothschild has attracted \$22m (£16m) in initial subscriptions for Old Court Currency Fund, its new investment company which aims to provide a wholesale rate of return for liquid funds from a range of fourteen currencies chosen by the investor.

The fund is a follow-up to Rothschild's successful Old Court International Reserves. Introduced after the Inland Revenue clamp-down on roll-up funds, it will be aimed particularly at UK investors.

It should qualify as a "distributor" under new regulations to be introduced by the Revenue. Income accruing to each class of shares (one class for each currency) will be paid as a twice-yearly dividend and be subject to income tax. Currency gains arising on disposal will be taxed as capital gains.

The Japanese yen has topped the list as the most popular currency accounting for around a quarter of the subscriptions so far, followed by the Deutsche Mark with around 22 per cent. The Danish krone is the most popular of the remaining EMS currencies presently commanding interest rates of nearly 10 per cent.

Shareholders may convert from one class of share to another, usually by telephone, with no additional charge for switching. The management fee is 16 per cent per month on the net asset value of the company. Investors with a minimum of £100,000 can elect to have their investment managed by a discretionary currency selection service for an additional one half of 1 per cent per annum.

#### COMPANY NEWS IN BRIEF

Authority Investments, which has interests in banking, investment trading, and property achieved taxable profits of £206,000 in the months to October 31, 1983. This compares with £216,000 for the comparable seven month period.

Banking services contributed £111,000 (£149,000) to profits. Gross profits from other activities totalled £95,000 (£742,000) on turnover of £1.95m (£1.49m).

The taxable result was struck after administration expenses of £306,000 (£367,000) and interest of £354,000 (£305,000). It included other operating income of £155,000 (£182,000), income from other fixed asset investments of £215,000 (£113,000) and associate profits of £5,000 (£3,000).

There is no dividend; the last payment was made in December 1975. Earnings per 20p share were 4.88p (4.31p) after tax of £1,600 (£1,000).

Net asset value per share of the Albany Investment Trust increased from 69.75p to 89.43p as at the year ended February 29 1984.

After tax of £63,000, against £81,000, revenue emerged at £130,000, compared with £118,000, for the 12 months, and the dividend is fixed at 2.45p net (2.25p) with a final of 1.75p.

At March 31 1984 the net asset value of North Sea Assets had fallen to 173.57p, compared with 173.75p at the end of 1983 and with 192.09p a year earlier.

But since March 31, one of the investments, Ramco Oil Services, has risen in value, a result of the entry to the USM; North Sea Assets has retained its investment and the valuation of its holding in Ramco at the current price, provides a net increase of 18.5p over the March figure in the net asset value.

The company is a specialist investment trust with the aim of capital growth through primarily unquoted investment in the oil and gas industry.

In the six months ended

#### BOARD MEETINGS

The following companies have notified dates of board meetings to the Financial Times. Such meetings are usually held for the purpose of considering dividends. Other indications are given available as to whether the directors are in favour of a dividend and the sub-divisions shown below are based mainly on last year's timetable.

**TODAY**

Interams, J. Herwood, C. N. Pearce, Satchell and Sweeney, Industrial Investment, Francis Sumner.

Finals: Agrippis Metal Products, Davies and Newton, Castle, C. G. Greville, French Knot, Highcroft Investment Trust, Heston and Horton, Marks

and Spencer, Northern Goldsmiths, Roberts Adair, Selwyn, Tennant.

**FUTURE DATES**

Interams: May 10  
 N&S Newways: May 18  
 Richards: May 8  
 Final: May 8  
 Allied Irish Banks: May 23  
 Allfund: May 3  
 Causton (Sir Joseph): May 3  
 Funnell (John): May 3  
 Hunting Assoc Industries: May 8  
 Leeds United Investments: May 8  
 Mowlem (John): May 4  
 Potter Chadburn: May 10

### Silvermines increases sharply to £2.3m

FOLLOWING an "outstanding" year from Anglian Windows, which more than doubled its contribution, pre-tax profits at Dublin-based Silvermines jumped from £10.73m to £12.28m for 1983.

The net final dividend has been set at 2p which maintains the total at 3.5p. Earnings per share were down from 10.47p to 9.28p.

This investment holding company was formed to acquire lead, zinc, silver, copper and baryte bearing properties in the County of Tipperary. On top of the £2.37m (£1.07m) contribution from Anglian Windows there was also royalty income of £229,550 (£606,082) from the Magoebart Baryte Mine and £318,792 (£263,581) from the Kinsale Head Gold Field.

The directors say that Anglian sales are running at more than £100m a year and the company has benefited from the recent upturn in the UK economy.

They point out that the year was not without its difficulties. One of the company's investments in a new venture area, precision engineer KME International, made a loss of £357,000 and the total cost of the investment has been written off.

The value of the Marathon entitlement has been greatly enhanced following the oil discovery by the Gulf/Atlantic consortium on a block directly adjoining the Marathon area in the Celtic Sea.

### Marlborough £0.48m into the red but payout rises to 0.5p

Following a £199,000 loss at midway, against profits of £116,000, Marlborough Property Holdings ended the 1983 year £479,000 in the red, compared with £510,000 profits.

However, a final dividend of 0.5p makes a total of 0.5p per 5p share. A single payment of 0.45p was paid last time.

Turnover was well down at £1.45m (£2.63m). Net rental income fell from £618,000 to £478,000 while pre-tax profits on sales of trading properties were halved at £355,000 (£677,000).

Loss per share is given as 1.56p (1.62p earnings).

Since December 31 the directors say it has been agreed that the partnership with Property & Reversionary Investment for the development of the joint project at Albany Park will cease. The company will acquire, from its associate Albany Commercial & Industrial Development, that element of the site which is available for future development.

The company is selling back its shareholding at par in the joint company to Property & Reversionary which will retain a completed development of a site to be redeveloped which has been re-let. The directors say they have, accordingly, reversed the company's undistributed profits of Albany previously recognised, which amounted to £176,000 after tax, and which will no longer accrue to Marlborough.

Taking a professional valuation of the company's development



**HOTELS**

# Another Year of Expansion

In five years the Group has expanded from 16 hotels with 976 bedrooms to 56 hotels with 4,432 bedrooms. Annual property revaluation increased the assets to £100 million.

**'And still growing'**

- £4,475,000 profit exceeds forecast
- Further increase in earnings per share
- One-for-five bonus issue
- Dividend up 10%—increase of 20% expected this year
- Self-generated cash for expansion
- Recent acquisitions will add to this year's profit

*"The first months of 1984 indicate an excellent year to come"*

## Queens Moat Houses

For a copy of the 1983 Report & Accounts write to:  
 Company Secretary, Queens Moat Houses P.L.C., FREEPOST, Rounford, Essex RM1 2BR.

# Record profits in a year of innovation and expansion

Extracts from the Statement by the Governor, Thomas N. Risk

#### The Year's Results

The Group's Operating Profit for the year ended 29th February 1984 was £61.3 million, an increase of £9.8 million (19.0%) over the previous year, and a new record level. This has been an exciting year for the Group, during which we have made a number of innovating moves; it is very encouraging that, notwithstanding fierce competition throughout the industry, we have been able at the same time to increase our profits so satisfactorily.

Net interest is up by nearly 7.0%; but after a higher level of bad debt provision the improvement is just below 5%. Other operating income and profits on sales of investments contributed £11.8 million more than last year and this enabled total income to improve by 10%. Operating expenses showed an average growth of 6.5% but in money terms this represented less than £9 million and was well exceeded by the income growth.



Thomas N. Risk, Governor

#### SUMMARY OF GROUP RESULTS

Year ended	29th Feb. 1984 (& millions)	28th Feb. 1983 (& millions)
Group operating profit	61.3	51.5
Share of Associated Companies' Profits	0.5	(0.4)
	61.8	51.1
Payable to Staff under Profit-Sharing Schemes	2.5	1.5
Group Profit before Tax	59.3	49.6
Total assets	6,143	5,334
Proprietors' Funds	322	337

#### SALIENT FEATURES from the Annual Report

- \* Group pre-tax profit increased by 19%.
- \* Total dividend up by 16.7% (from 24p to 28p).
- \* Excellent year for North West Securities with profits 38% higher.
- \* British Linen Bank profits decreased—but customer base widened.
- \* Proposed capitalisation and rights issue.
- \* Extraordinary item for additional deferred taxation of £56.3m follows recent Budget legislation.
- \* 1983—an exciting year with a number of innovative moves.

#### Banking Operations

The Clearing Bank's operations now range more widely, being no longer confined to Scotland and the London offices. Our growing presence in England has extended our knowledge and encouraged us to believe that the worst of the recession is over in many areas and in many industries. We have continued our programme of business development including the conversion of our New York office into a full Federal Branch in September 1983 and the opening of our new Representative Office in Chicago. Our International Operations, Oil & Energy and Export Finance Services Departments have had another very active and successful year.

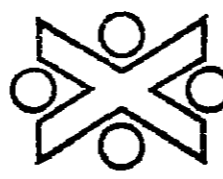
#### A Year of Innovation

Last year I spoke about opportunities for development and this year has seen a continuation of the trend with a stream of further new developments including the opening of Regional Offices in Southampton and Newcastle to add to the successful offices in Birmingham, Bristol and Manchester. We plan to open two more Regional Offices in strategic locations later this year. The launch in May 1983 of our Money Market Cheque Account was an event of great significance and fresh evidence of the competitive

cutting edge which can be forged by a clearing bank based in Scotland. GAINS, a new computer-based index and means of access to particulars of all forms of Government assistance, produced in collaboration with Strathclyde University, has proved of great value to businessmen. A revolutionary new concept, known as Alliance BankSave, combining the benefits of a Building Society Deposit Account and a Bank of Scotland Cheque Account with automatic transfer between the two, was announced in collaboration with the Alliance Building Society in January. The Bank of Scotland Premier Visa Card was introduced last November and the new Bank of Scotland/AA Visa Card was announced jointly by the Bank of Scotland and the Automobile Association in February this year.

#### The Bank's Objective

Developments in the banking scene and in technology in recent times have brought a clearer recognition of the competitive advantages possessed by an independent bank of our size, character and disposition. It is our objective to use these advantages so as to provide our growing number of customers throughout the United Kingdom with the best range of services that modern technology can produce.



## BANK OF SCOTLAND

The innovative British Bank based in Scotland

Copies of the Annual Report and Accounts may be obtained from Bank of Scotland, Public Affairs Department, The Mound, Edinburgh EH1 1YZ

## M RES

An open ended fund (listed in London) specialising in shares of precious metals, oils and other minerals.  
 Consultant: Dr. F.D. Colledge.  
 Investment Advisers: Strauss, Turnbull & Co.

At the Extraordinary General Meeting on 26th April 1984, the Resolution was duly passed and it was announced that with immediate effect the dealing expenses applied on the issue and redemption of shares are reduced to 1.5% and 1.4% respectively.

For copies of the latest Interim Report write to:  
 Minerals Oils and Resources Shares Fund Inc.,  
 Royal Trust House, Colombe, St. Helier, Jersey, C.I.  
 For price and yield - see Financial Times "Offshore & Overseas".

UK COMPANY NEWS

Improved efficiency gives Kwik-Fit £4m: expansion planned

FURTHER GROWTH has been shown by Kwik-Fit (Tyres and Exhausts) Holdings in the second half, and for the year ended February 29 1984 its pre-tax profit expanded from £2.85m to £4.16m. The dividend is lifted from the equivalent of 1.36p to 1.5688p, with a final of 0.7844p net.

At the year end the group was operating from 264 specialist automotive repair centres. A further four depots have been opened during March and April, and another 17 are under development.

Sales in the year expanded by 27 per cent, from £43.39m to £55.29m. Investment income was up to £1.47m (£962,000) but interest and similar charges were also higher at £1.83m (£967,000). Taxable profit was £2.85m (£1,600,000) and minorities £7,000 (nil), to leave the attributable profit at £2.85m (£2,020,000), equal to 5.12p (3.85p) per 10p share.

Kwik-Fit-Euro strengthened its share of the tyre and exhaust market, which remained intensely competitive. The investment therein made over the years ensures the group is "strongly placed" to build on its established market leadership.

The new tyre regulations created substantial increases in sales during September to December, although that was balanced by lower than expected performance in January and February following the earlier sales surge and as a result of adverse weather.

A further five Stop 'n' Steer depots came into operation. These specialise in fitting and repairs of brakes, steering and suspension parts. The pin-point tyre with Aarco Transmissions opened its second outlet in London in November, and the results from the two locations are "most encouraging." Experience during the year underlines the directors' confidence that there is a demand for those specialist services.

In Holland and France the group is operating from 23 repair centres. Three new depots were opened in the Paris area; in Holland 17 depots are operating at the year end. The Dutch wholesale subsidiary has expanded its product range and now offers a comprehensive package including exhausts, tyres, batteries and shock absorbers.

Mr Alec Stenson has decided to resign as chairman (he has held that position since 1975) but will remain on the board in a non-executive capacity. Mr Tom Farmer, the chief executive, has become chairman.

MINING NEWS  
S. African mines now face tough black wage talks

SOUTH AFRICA'S white mine-workers have adopted a fairly relaxed approach to this year's wage negotiations but indications are that the far more numerous black miners could be tough negotiators, especially after having failed to secure their expectations last year, reports our Johannesburg correspondent.

The Council of Mining Unions (CMU), representing 22,426 white employees in eight different unions, has settled with the Chamber of Mines on a 10 per cent across-the-board basic wage increase. The settlement was accompanied by little or no haggle.

Included in the white miners' agreement with the Chamber are minor modifications to sick leave conditions and a small improvement to the service increment scheme for long term employees. The agreement is effective from today and lasts for a year. It covers employees of the gold and coal mines which are members of the Chamber.

Wage negotiations between the Chamber and the all-black National Union of Mineworkers (NUM) are due to start within the next few days. The union represents more than 50,000 black mineworkers and the wage deal which it reaches with the Chamber will affect the entire 480,000-strong black workforce of the mining industry.

The NUM gained recognition from the Chamber late in last year's negotiating session and its participation was thus more than taken into account. This year, however, the NUM is determined to play an effective part in the bargaining process.

It will go for wage increases that will narrow the gap between black and white pay scales. The NUM will also be looking for a firm commitment from the Chamber on the elimination of racially-based job reservation regulations.

Desultory discussions on the removal of this colour bar have been taking place for two years between the Chamber and the white unions, the latter being opposed to the change.

Meanwhile, the South African Department of Mineral and Energy Affairs says in a report to parliament that the mining industry's earnings rose 11.6 per cent to R21.17bn (£9,240m) last year. They were helped by a higher average gold price of \$423 per ounce (\$375 in 1983) and a fall in the value of the Rand against the dollar.

Exports accounted for 84.3 per cent of the mineral earnings. Gold sales provided 63 per cent of export revenue.

But there was a price for this. Although the South African mines maintained high safety standards, a total of 331 workers died in mining accidents, including 604 killed at the gold mines and 129 in coal mines. In Natal, a fall in the value of the Rand against the dollar led to a total of 88 miners. A total of 729 miners were killed in mining industry accidents in 1982.

MINING NEWS IN BRIEF

THE GRADUAL improvement in the fortunes of the Western Australian gold producer North Kalbarri Mines continues with the news that the company has made a small profit in the latest quarter of A\$27,000 (£15,000). This reduced the loss for the first nine months of the year to A\$55,000 (£31,000), compared with a deficit of A\$1.05m (£610,000) of the previous year.

North Kalbarri, which is controlled by Metals Exploration, also announced the commissioning of an oxide circuit at its treatment plant. This circuit can treat 900 tonnes of surface oxidised ore a day, bringing the total treatment capacity to 1,600 tonnes a day.

Canada's Pine Point Mines, part of the Canadian Pacific Enterprises group through the controlling shareholding held by Cominco, made net profits of C\$2.4m (£1.3m) in the first quarter of this year, down slightly on the C\$2.9m for the final quarter of 1983 but a considerable improvement on the C\$3.9m loss for the first quarter of last year.

Pine Point produces lead and zinc at Great Slave Lake in the Northwest Territories.

Net profits of Freeport-McMoRan of the U.S. in the first quarter of 1984 were US\$22.07m (£13.3m), slightly above the \$21.11m in the opening three months of last year but below the \$22.5m for the fourth quarter.

Mr Renzo C. Schmidt, chairman and chief executive, said the results reflected the continued strengthening in the group's agricultural minerals business, higher energy income and has reduced interest charges which more than offset a decline in earnings from metals caused by lower copper and gold prices.

Small improvements in production and prices led to Acute Mining in the Philippines, which produces metallurgical chromite, to reduce its net loss for 1983 to P605.4m (£12.2m), compared with a deficit of P615.4m (£12.3m) in 1982.

Production of chrome concentrates improved 4 per cent to 100,461 tonnes, the highest level in the past 10 years, while average prices rose to US\$68.45 per tonne compared with \$66.10, helped by two devaluations of the peso.

Philippines Associated Smelting and Refining Corporation (Pasar) has received a commitment for advance payments totalling US\$30m (£21.4m) for exports of cathode copper to Japan, according to reports in Manila. The money is to come from C. Itoh, Marubeni Corporation and Sumitomo Corporation, which between them own 30 per cent of Pasar.

The Philippines Ministry of Trade and Industry has still to finalise the implementation of President Ferdinand Marcos' directive to the effect that exports of copper concentrates must obtain prior clearance from the ministry. The directive is designed to ensure an adequate supply of concentrates for Pasar.

The latest quarterly report from Australia's Southern Resources contains details of a drilling programme started during the period at the Mount Pleasant gold prospect near Kalgoorlie, Western Australia.

The group believes it has identified two wide zones of gold mineralisation in the area tested

**Petro Sciences PLC**  
(Incorporated in England under the Companies Acts 1948 to 1981)  
Registered No. 1789723

**OFFER FOR SUBSCRIPTION**

arranged and underwritten by  
**THE LONDON VENTURE CAPITAL MARKET LIMITED**  
(Licensed Dealer in Securities)

of  
**6,100,000 Ordinary Shares of 4p each at 10.5p per share**  
payable in full on application

sub-underwritten by:-

**Baynard Securities Ltd.**  
146A Queen Victoria St.,  
London EC4V 4BY  
(Member of the National Association of  
Security Dealers and Investment Managers)

**Prior Harwin Securities Ltd.**  
65 London Wall,  
London EC2M 5TU  
(Licensed Dealer in Securities)

**Ravendale Securities Ltd.**  
21 Upper Brook St.,  
London W1Y 1PD  
(Licensed Dealer in Securities)

**UTC Securities Management Ltd.**  
50 Bryanston Square,  
London W1H 7LL  
(Licensed Dealer in Securities)

For further information from The London Venture Capital Market Limited, telephone 01-409 0409.

Application forms and copies of the Prospectus which sets out the terms upon which applications may be made can be obtained from the above Licensed Dealers in Securities.

The application list will open on Thursday 3rd May 1984 at 10.00 a.m. and will remain open for a minimum period of seven working days and may close anytime thereafter.

No application has been, or is intended to be made to the Council of The Stock Exchange for the shares of Petro Sciences PLC to be admitted to the Official List or for the grant of permission to deal in the share capital of Petro Sciences PLC in the Unlisted Securities Market. It is intended that a market in the Ordinary Shares of Petro Sciences PLC will be made on an over-the-counter basis. There can however be no guarantee that such a market will develop or be maintained. Application has been made to the Inland Revenue for confirmation that the Company is a qualifying company for the purposes of the Business Expansion Fund.

**BUSINESS OF PETRO SCIENCES PLC**

The principal business of the Company is the re-refining of used oil, the blending and sale of re-refined oil and the exploitation of the technology comprised in the Company's proprietary REVAC PROCESS.

**Granville & Co. Limited**

Member of NASDIB  
27/28 Lovat Lane London EC3R 9EB Telephone 01-621 1212

**Over-the-Counter Market**

1983-84	Company	Price	Change	Gross Yield	F/E	Fully		
High	Low	div. (p)	%	Actual	taxed	taxed		
142	120	Ass. Bnt. Ind. Ord.	132	6.4	4.8	7.7	10.0	
128	117	Ass. Brit. Ind. CULS	144	10.0	6.9	—	—	
78	52	Airsprung Group	83	6.1	9.7	18.0	18.0	
38	21	Armitage & Rhodes	34	—	—	—	—	
329	141	Bardon Hill	329	+1	7.2	2.2	13.4	27.3
58	53	Bry Technology	54d	—	3.5	6.5	6.3	8.0
200	187	CCL Ordinary	200	—	5.0	2.5	4.5	6.3
152	121	CCL 11pc Conv Pref	152	—	15.7	10.3	—	—
810	100	Carborundum Abrasives	510	+3	5.7	1.1	—	—
248	102	Cindica Group	105	—	17.8	17.0	—	—
68	45	Debarah Services	68	—	6.0	8.8	36.4	59.1
219	75	Frank Horrell	219	—	17.1	4.7	8.4	13.9
201	75	Frank Horrell Pr Ord	201	+1	8.7	4.3	8.4	13.9
69	28	Frederick Parker	31	—	4.3	13.9	—	—
39	32	George Blair	36	—	7.3	14.6	13.8	17.2
30	46	Ind Precision Castings	365	—	17.1	—	—	—
2185	2150	Iss New Fully Pd Ord	2185	—	160.0	6.9	—	—
386	134	Iss Conv Pref	386	—	4.0	1.0	20.4	37.2
121	81	Jackson Group	120	—	4.5	3.8	6.3	12.3
255	169	James Burrough	255	+5	11.4	4.5	14.0	14.5
405	276	Minihouse Holding NV	405d	+7	4.0	1.0	20.4	37.2
176	102	Robert Jenkins	102	—	20.0	18.5	11.8	16.0
444	385	Trivium Holdings	438	—	5.7	10.0	9.5	9.9
120	81	Torday & Carlisle	69	—	2.9	4.3	—	—
26	17	Unilock Holdings	18	—	1.0	5.5	11.8	17.1
82	65	Walter Alexander	85	—	8.9	8.0	7.5	9.9
276	236	W. S. Yeates	247	—	17.1	6.9	5.9	11.8

**MARLBOROUGH PROPERTY HOLDINGS PLC**

Results for year ended 31 December	1983	1982
Turnover	£000	£000
Gross rents receivable	589	686
Sales of trading properties	890	1,940
	1,479	2,626
Dividend per share	5p	4.5p
Retained profit for the year	295	252

Disposals and the commencement of a major re-development has meant that rental income has fallen. Sale proceeds have now been reinvested and rental income for 1984 should exceed £800,000, and on an annualised basis £900,000. An independent professional valuation confirms asset growth over the past three years of 30%.

Copies of the report and accounts can be obtained from the Secretary, 115 Kingston Road, Leatherhead, Surrey KT22 7SU.

**Grovebell rises sharply and resumes dividends**

SHARPLY IMPROVED results were achieved by the Grovebell Group over the 12 months ended November 30, 1983 and the directors have decided to resume ordinary dividends. Payments after a lapse of four and a half years.

At the pre-tax level profits for the year rose from £451,538 to £789,780 and figures for the first four months of 1984 also showed an improvement.

In view of the "greatly improved" results the directors are recommending a dividend of 0.25p on the 5p ordinary shares—the last payment was 0.5p in 1979.

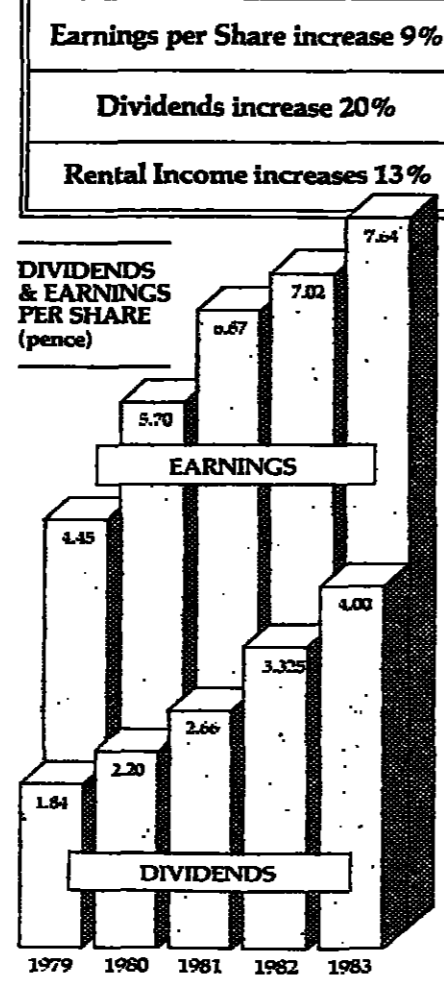
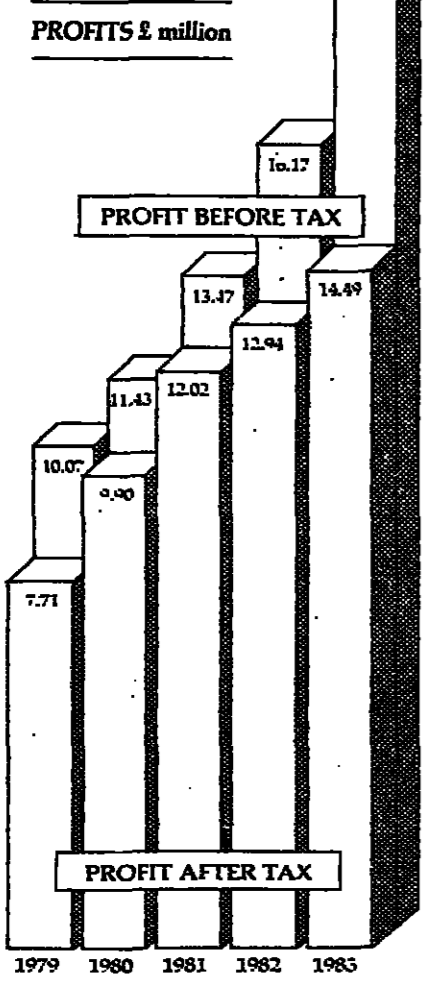
Over the past year the arrears of dividends on the group's 9 per cent cumulative preference shares were paid together with accruing dividends as they became due. These dividends, paid and accrued, absorbed £41,349.

Turnover for 1983 totalled £24.93m (£17.47m)—Grovebell is a holding and investment company with interests in garages which hold vehicle franchises.

Tax accounted for £232,839 (£16,785) to leave net profits at £556,941 (£1,661,795). Basic earnings came through at 1.78p (1.63p).

Mr M. D. Vanner, who resigned as a non-executive director last May, has been reappointed an executive director, taking up the post of joint managing director of the group.

**A significant year of continued progress with record results**



In his statement accompanying the Report & Accounts for the year ended 31st December 1983 Nigel Mobbs, Chairman of Slough Estates, states that world trade is moving into a period of greater stability and predicts that the company will benefit from better business circumstances with another year of profits growth.

**A Significant Year**  
1983 was a significant year for the company, witnessing the merger with Allnatt London Properties and Guildhall Property Company. In addition it was also a year of continued progress for the group with record results and improved property occupation.

**Trading Conditions**  
The improving trading conditions foreseen a year ago have materialised. In all the countries in which the company invests there has been a better level of enquiry and the inventory of vacant space has been materially reduced. Despite this success, considerable caution still needs to be exercised in starting new construction as supply generally exceeds demand. However, the location of the company's properties is good and it is therefore able to obtain a high proportion of the available business.

**Significant Developments**  
In the United Kingdom some 318,000 sq. ft. of new floor space was constructed. Overall vacancy factor at the year end was 7.2% compared with 9.6% in 1982. During the year 11 acres of land were acquired but at the same time construction activity has been curtailed to correspond to the level of demand.

In Australia business conditions have been poor but there are now some signs of improvement. In the company's European operations there was some good progress. The difficult trading conditions in Canada are showing some signs of improvement, whilst in the United States the company has established its new offices and considerable effort has been put into reducing vacancies.

**The Future**  
Economic recovery is now well established in all the countries in which the group invests and is predicted to continue through the current year into 1985. Property development is customarily a cyclical laggard and there is confidence that the level of activity now being experienced will continue to improve and that the volume of new construction on the land bank will increase in response to this anticipated demand.

The group's properties are strategically located to take advantage of improving leasing prospects. The group is soundly financed and has the resources to undertake an increased programme in response to demand.

Copies of the full annual report may be obtained from the Secretary, Slough Estates House, 234 Bath Road, Slough SL1 4EE. Telephone 0753 37171.

**SLOUGH ESTATES**  
Britain's leading industrial property owners and developers

**minihouse holding n.v.**  
(COMPUTER INFORMATION SYSTEMS)

**'Prospectus profit forecast exceeded'**  
reports Theo Mulder,  
Chairman of the Management Board

- Sales in 1983 increased 45% to Dfl 24.2 million.
- Pre-tax profits rose 89% to Dfl 2.78 million and dividend of Dfl 0.06 per share is recommended, with option of stock dividend available.
- Successful equity financing and launch on Granville Over-the-Counter Market during year.
- Current order books good and board confident 1984 results will significantly exceed 1983.

Comparative figures	Year to 31 Dec. 1983	Year to 31 Dec. 1982
	amounts in thousands of Dutch guilders	
Turnover	24,229	16,621
Profit before taxation	2,783	1,471
Taxation	1,190	629
Profit for the year	1,593	842
Gross dividend	Dfl 0.06	—

Minihouse Holding N.V. is registered in The Netherlands. Its shares are quoted on the Granville Over-the-Counter Market in London. Full details of the company and The OTC Market are available from Peter David, Granville & Co. Limited, 27-28 Lovat Lane, London EC3. Telephone: 01-621 1212.

**LLOYDS EUROFINANCE N.V.**

Copies of the Audited Accounts of Lloyds Eurofinance N.V. for the year ended 30th September, 1983 and for the 3 months ended 31st December, 1983, are now available from:

THE SECRETARY  
LLOYDS BANK INTERNATIONAL LIMITED  
40-46 QUEEN VICTORIA STREET, LONDON EC4P 4EL



**BIDS AND DEALS**

**Hanson £21m U.S. sale and gets bid clearance**

BY RAY MAUGHAN

Hanson Trust has sold Seacoast Industries, its first U.S. subsidiary, just as it received official clearance to bid for U.S. Industries, its largest American target.

Hanson Industries, the U.S. holding company will receive about £21m in aggregate from the sales of Seacoast's operating assets to Zapata Corporation of Houston, Texas, from the eventual sale of properties which are being retained for the time being and from the cash disposal of its interest in the Old Salt Seafood company.

Talks with Zapata have been under way for some time and Hanson believes that the economies to be achieved by the

combination of Seacoast and Zapata Haynie "will more effectively enable these two companies to meet the intense competition in the world soybean commodity markets."

Hanson reported that its fishing interests achieved sales of £55m in the year to September 30 1983 which produced pre-tax profits of £12m. Sir Gordon White, chairman of Hanson Industries, added that the disposal means that "Hanson will be able to concentrate on new opportunities in less cyclical industries."

The chief area of expansion in the U.S., of course, is the \$31m tender offer for U.S. Industries, the American conglomerate

which, in most regards, is a mirror image of Hanson's operations on both sides of the Atlantic. Sir Gordon revealed yesterday that three U.S. banks have agreed to provide secured loans in connection with the \$23 per share bid. Hanson has also fulfilled the two conditions required to undertake the deal.

Shareholders have given their approval to the offer and the Federal Trade Commission cleared Hanson's approach now that the waiting period under the Hart-Scott-Rodino Anti-Trust Improvements Act has elapsed. The tender is, however, competing with a \$24 per share offer from U.S. Industries' management.

**Morgan Grenfell in £50m Target deal**

By Eric Short

MERCHANT BANKER Morgan Grenfell is expected to announce tomorrow its entry into the retail financial services market by heading a consortium to buy Target Trust Holdings in a deal worth around £50m.

Charterhouse J. Rothschild (CJR) at present owns 60 per cent of Target, with the remaining 40 per cent held by the Reliance Corporation of New York.

The proposed merger between CJR and Hambro Life, announced three weeks ago, has made Target somewhat superfluous to the new group, even though it has shown phenomenal growth in both unit trust and linked life business over the past three years.

Mr. Jacob Rothschild, chairman of CJR, said at the time of the announcement that Target would be floated off as an independent company as soon as possible.

This has given Morgan Grenfell the opportunity to enter a market that hitherto it has kept out, unlike other major merchant banking groups which have been driving retail financial service operations.

However, Morgan Grenfell at present only wants a toehold in the retail side and it does not want to dilute its management skills in the highly successful wholesale operations.

So the shares of Target are to be placed privately among institutional investors, with the present management of Target, headed by Mr. John Stone, holding around 10 per cent of the equity. A full Stock Exchange quotation is likely to be sought in 1987. Reliance has agreed to dispose of its stake at the same time as CJR.

Target made a profit of just over £1m in the nine months to end-December 1983, mostly from unit trust sales which soared from £18m to £68m.

This marketing success has been accompanied by a strong investment performance of the underlying funds, which are at present managed by J. Rothschild Investment Management. The unresolved question is whether the investment managers will continue after Target has been sold off, whether Morgan Grenfell will take over the investment management, or whether it will go to a third party.

**Morgan Crucible £7m expansion**

Morgan Crucible the UK-based materials technology group, has acquired Thermal Ceramics Industries of the U.S. for \$10m (£7.2m). The purchase is to be paid for by a share placing.

Thermal Ceramics (TCI), based in Colorado and Illinois, specialises in making crucibles for dental and assay work. It claims a 75 per cent market share in North and South America. It also manufactures specialised products in vermiculite, a material for which growing demand is expected in the U.S. aluminium industry.

TCI's net tangible assets are stated at around \$7.6m. Turnover in the year to end-November 1983 was \$6.4m and pre-tax profits were \$1.4m.

The company will become a part of Morgan Crucible's ceramic division, and will give the division a manufacturing base in the U.S. for the first time. In addition, its distribution network is intended to give Morgan the opportunity to push a wide variety of its own products into the U.S., as well as adding to the group's range of ceramic products.

Before the acquisition, around 20 per cent of Morgan's turnover was in the U.S. The group had previously stated its intention of expanding its U.S. interests, in the field of ceramics particularly.

The shares issued to be placed through merchant bank Schroder Wagg and stockbrokers Cazenove — involves the creation of 4,773,361 new ordinary shares, which will not be eligible for the first dividend due for payment in July. The issue increases Morgan's share base by just under 10 per cent.

Morgan's shares closed 4p lower yesterday at 158p.

**Imperial in £3.3m snuff deal**

BY WILLIAM DAWKINS

Imperial Tobacco, Britain's largest tobacco company and part of the diversified Imperial Group, is expanding in the snuff trade.

It has paid about £3.3m for the snuff businesses of Conwood SA, Illingworth's of Kendal, Cumbria and Wiltzman GmbH of Koestanz, West Germany. They are being sold by Cavenham AG, a Swiss-based company within Sir James Goldsmith's General Occidentale

group, which has recently decided to concentrate its manufacturing operations outside Europe.

Imperial already owns J. & H. Wilson, a snuff maker which gives it a 45 per cent share of the UK snuff market worth about £3.3m. UK snuff sales are currently stable at some 115,000 kg annually.

Illingworth's accounts for a further 10 per cent of the UK market, although most of its

production is exported. Wittmann has a 20 per cent share of the West German market and considerable overseas trade.

Overseas snuff markets, in which J. & H. Wilson has not been strongly represented in the past, have potential for expansion, particularly in the U.S. and West Germany, said Imperial. It said that yesterday's acquisitions will increase the opportunities for more snuff exports from the UK.

**Holding in Richardsons changes hands**

BY CHARLES BACHELOR

A 10 per cent holding in Richardsons Westgarth, loss-making engineer and steel-stockholder, has been sold to an investor sympathetic to the company's board. This represents the bulk of the 14.9 per cent stake sold over the past month by Sir Benjamin Slade, the non-executive director who resigned over the weekend.

Sir Benjamin, chairman of Shiristar Container Transport, container leasing group, said he disagreed with other members of the board over future policy and he had been concerned that

past mistakes would be repeated.

Sir Benjamin joined the Richardsons board last August after Shiristar acquired most of the 19 per cent holding in the company formerly held by Caparo Industries. Another Shiristar director was also appointed to the Richardsons management but left last December.

"We tried to bring a sense of realism into their ridiculous overblown," Sir Benjamin said yesterday. "We put forward a plan for cutting out the loss-

making parts of the company more quickly than they have done."

Mr Tony Hepper, Richardsons chairman said: "We are in the process of restructuring, going back to a core of profit-making companies. We have disposed of most of the loss-makers but still have two problem areas: E. W. Transmissions and E. Gerald, the steel-stockholding company. We are running down Transmissions and seeking a buyer for Gerald."

Richardson's shares fell 1p yesterday to 25½p.

**BIDS AND DEALS IN BRIEF**

The Stock Exchange yesterday temporarily suspended trading in the shares of Glanfield Lawrence, the vehicle distributor and engineer, at the company's own request pending publication of details of a reorganisation plan. The share price at suspension was 54½p.

The New Central Group of Watford, a private property development and investment group, has purchased for cash the Deanside Hotel Group. Prior to the acquisition, New Central's gross assets were valued at in excess of £5m.

The acquisition will be completed before the end of May. Total consideration for the purchase is to be satisfied by the issue of 250,000 ordinary Amstrad shares.

Following the passing of the necessary resolution at an AGM of Topco Estates held on April 30, the merger between the company's wholly-owned subsidiary, the Imperial Hotel, Hull, and Shipip has now been completed.

The Bank of Ireland's offer for Irish Civil Service Building Society has been accepted in respect of 171,864 investment shares which, together with the 77,848 investment shares already held by the bank represents 81.9 per cent of the investment shares.

Johnson Group Cleaners has purchased Three G Corporation and Lightfoot Dry Cleaning Inc. of Beaufort, South Carolina, for U.S.\$1.75m (£1.25m) cash.

Manganese Bronze Holdings has completed the acquisition of Mann and Overton following shareholders' approval.

A CONDITIONAL agreement has been reached for the acquisition by Amstrad of Lyons-Turner Enterprises, the parent company of Europe Electronics, an electrical distributor. It is expected to be completed by May 1.

Evered has announced that the increased offers in respect of the ordinary share capital of Brockhouse have become unconditional. Acceptances have been received in respect of 10.3m

Brockhouse ordinary shares (59.6 per cent). Of the acceptances received only 23.8 per cent have elected to receive the new cash issue. At March 12, persons acting in concert with Evered owned 1.9m Brockhouse ordinary shares (11.06 per cent). Since that date Evered has acquired 1.9 million Brockhouse shares (4.8 per cent). The increased offers remain open for acceptance until further notice. The new cash alternative will not be available to Brockhouse shareholders after May 1.

British Arrow Holdings has announced that at an AGM on April 30 resolutions to approve the acquisition of a controlling interest in Singer & Friedlander and the placing of £30m nominal of 9 per cent unsecured loan stock 1995-2000 at par were passed.

Completion of the acquisition took place on the same date.

In the offer document for Donald Macpherson from Yule Catto it was stated that acceptance of the offer by shareholders for the cash alternative should be received not later than May 15.

Notice is now given that if offers then become or are declared unconditional the cash alternative will not be open for use not then unconditional and are extended, the right is reserved (at Yule's discretion) to extend the cash alternative. If so, at least 14 days notice will be given before it is closed. If it is not so extended it will close on May 15.

Coleman Milne is proposing to issue and exchange 1.4m of its own ordinary shares, credited as fully paid, for 700,000 ordinary shares of Henlys on the basis of two Coleman for every one Henlys. The Coleman shares to be valued at 60p per share. Permission to deal in the 1.4m Coleman shares in the USM has been granted. Following the transaction Coleman will hold 3.5m Henlys ordinary (34.99 per cent).

Charterhouse Japhet has announced that acceptances of the offers on behalf of Petrocon to acquire the capital of Drilling Tools have been received in respect of 147,014 existing ordinary shares of Drilling Tools. Acceptances of the offers amount to 212,514 shares (95.46 per cent).

Acceptances include 28,944 Drilling Tools shares for which elections have been received to accept the share alternative. As a respect of the level of acceptances for the cash consideration, elections for the share alternative will be given full effect. This will result in the issue of 252,585 new Petrocon ordinary shares.

**BASE LENDING RATES**

A.B.N. Bank	8 1/8%	Hertford & Gen. Trust	8 1/8%
Allied Irish Bank	8 1/8%	Hill Samuel	8 1/8%
Amro Bank	8 1/8%	C. Hoare & Co.	8 1/8%
Henry Ambacher	8 1/8%	Hongkong & Shanghai	8 1/8%
Armo Trust Ltd.	8 1/8%	Kingsnorth Trust Ltd.	8 1/8%
Associates Corp.	8 1/8%	London & Lancashire	8 1/8%
Banco de Bilbao	8 1/8%	Lloyds Bank	8 1/8%
Bank Hapoalim BM	8 1/8%	Mallinhal Limited	8 1/8%
BCCI	8 1/8%	Edward Manton & Co.	8 1/8%
Bank of Ireland	8 1/8%	Meghraj and Sons Ltd.	8 1/8%
Bank of Cyprus	8 1/8%	Midland Bank	8 1/8%
Bank of India	8 1/8%	Morgan Grenfell	8 1/8%
Bank of Scotland	8 1/8%	National Bk. of Kuwait	8 1/8%
Ranque Belg. Ltd.	8 1/8%	National Girobank	8 1/8%
Barclays Bank	8 1/8%	National Westminster	8 1/8%
Beneficial Trust Ltd.	8 1/8%	Norwich Gen. Trst.	8 1/8%
Brenar Holdings Ltd.	8 1/8%	People's Trst. & Sav. Ltd.	8 1/8%
Brit. Bank of Mid. East	8 1/8%	R. Raphael & Sons	8 1/8%
Brown Shipley	8 1/8%	F. S. Refson & Co.	8 1/8%
CG Bank Nederland	8 1/8%	Royalburghe Guarantee	8 1/8%
Canada Perm. Trust	8 1/8%	Royal Trust Co. Canada	8 1/8%
Castle Court Trust Ltd.	8 1/8%	Standard Chartered	8 1/8%
Cayzer Ltd.	8 1/8%	Trade Dev. Bank	8 1/8%
Cedar Holdings	8 1/8%	TCB	8 1/8%
Charterhouse Japhet	8 1/8%	Trustee Savings Bank	8 1/8%
Chaplinton	8 1/8%	United Bank of Kuwait	8 1/8%
Citibank Securities	8 1/8%	United Abroad Bank	8 1/8%
Clydesdale Bank	8 1/8%	Volkscas Limited	8 1/8%
C. E. Coates	8 1/8%	Westpac Banking Corp.	8 1/8%
Comm. Bk. of N. East	8 1/8%	Whiteaway Laidlaw	8 1/8%
Consolidated Credits	8 1/8%	Williams & Glyn's	8 1/8%
Co-operative Bank	8 1/8%	Winttrust Secs. Ltd.	8 1/8%
The Cyprus Popular Bk.	8 1/8%	Yorkshire Bank	8 1/8%
Dunbar & Co. Ltd.	8 1/8%	Members of the Accepting Houses Committee	
Duncan Lewis	8 1/8%	7-day deposits 5.25% 1-month	
E. T. Trust	8 1/8%	6% 12 months 6.25%	
Exeter Trust Ltd.	8 1/8%	3% 12 months 4.25%	
First Nat. Corp.	8 1/8%	7-day deposits on same at under	
First Nat. Secs. Ltd.	8 1/8%	£10,000 up to £20,000	
Robert Fraser	8 1/8%	6% £20,000 and over 7%	
Grindlays Bank	8 1/8%	Cash deposits £1,000 and over 6%	
Guinness Mahon	8 1/8%	21-day deposits over £1,000 6%	
Hambros Bank	8 1/8%	Demand deposits 6%	
		Mortgage base rate.	



The Rt. Hon. Geoffrey Rippon, C.C., M.P., Chairman, Britannia Arrow Holdings PLC

**BRITANNIA ARROW- ACQUISITION OF SINGER & FRIEDLANDER COMPLETED**

**MAJOR ACQUISITIONS**

GARDNER AND PRESTON MOSS, INC. July 1983

NATIONAL EMPLOYERS LIFE ASSURANCE CO. LTD. July 1983

SINGER & FRIEDLANDER LTD. April 1984

Extracts from the Chairman's letter to shareholders

SUMMARY OF RESULTS FOR YEAR ENDED 31 DECEMBER 1983		
	1983	1982
	£m	£m
Turnover	537.1	258.3
Group pre-tax profit	10.1	6.0
Funds managed	3,000	1,200
	pence	pence
Earnings per share	6.1	4.5
Ordinary dividend	2.2	1.7

**1983 RESULTS**

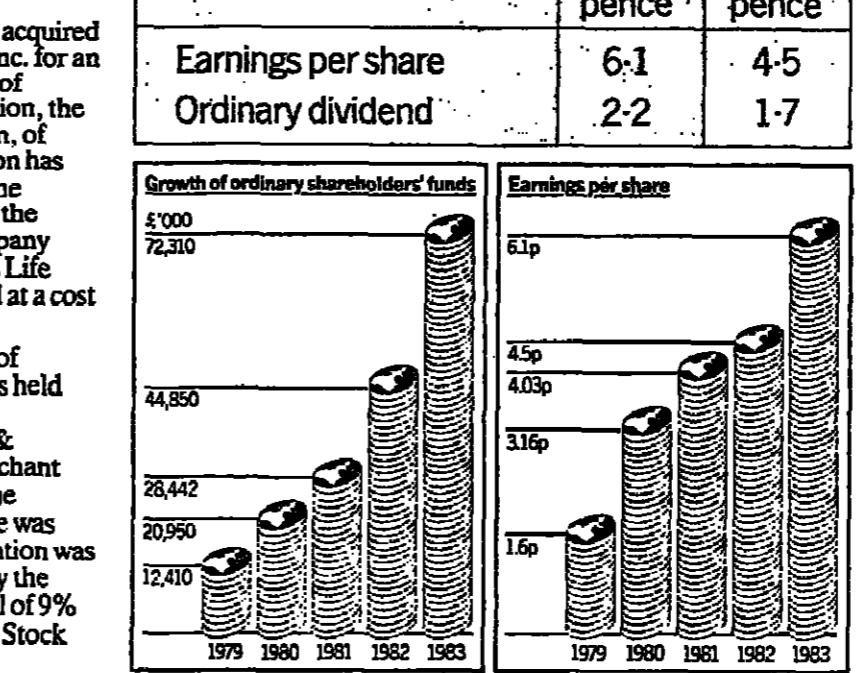
RECORD PROFITS OF £10.1m  
CAPITAL EMPLOYED £138m  
FUNDS UNDER MANAGEMENT over £3,000m

"The Company's preliminary unaudited results for 1983 showed another record year with profits before tax of £10.1 million as against £6.0 million in 1982."

"Earnings per share were 6.1p (1982: 4.5p) and your Board is recommending a final dividend of 1.2p net per share, giving a total net dividend for the year of 2.2p (1982: 1.7p)."

"On the basis of the pro forma unaudited 1983 balance sheet the enlarged group shows capital employed of £138 million."

1984 has started very well with new business at record levels in both the U.K. and U.S.A.



"During 1983 your Company acquired Gardner and Preston Moss, Inc. for an aggregate cash consideration of approximately U.S.\$16.5 million, the equivalent of some £11 million, of which almost U.S.\$13.2 million has been paid to date, leaving some U.S.\$3.3 million to be paid in the future. In addition your Company acquired National Employers Life Assurance Company Limited at a cost of £20 million in cash."

At an extraordinary meeting of Britannia Arrow shareholders held yesterday, the acquisition of a controlling interest in Singer & Friedlander Limited, the merchant bank, which is a member of the Accepting Houses Committee was approved. The total consideration was £52 million provided in part by the placing of £30 million nominal of 9% Convertible Unsecured Loan Stock 1995-2000.

**Britannia Arrow Holdings PLC**

Copies of the Annual Report which will be posted to Shareholders in May 1984, and information concerning the activities of the Group, including a wide range of unit trusts and investment management services, may be obtained by returning the coupon to The Secretaries, Britannia Arrow Holdings PLC, Salisbury House, 29 Finsbury Circus, London EC2M 5QL.

Name \_\_\_\_\_  
Address \_\_\_\_\_

**One of Finland's most successful profit makers is coming to London**

There are loss makers and profit makers, and Amer has an impressive track record of making profits. It has achieved this by applying its skills and special expertise in creating and marketing consumer brands that have become market leaders.

Having become dominant in the domestic market, Amer is now looking to the international markets for expansion. To this end, it intends seeking a listing on The Stock Exchange in London.

For a company whose turnover has more than doubled in the last 5 years, and whose profits have risen by more than 35% per annum in the same period, this is a logical step. If you would like to know more about the special success of Amer, the 1983 Report will make essential reading.

PUBLIC RELATIONS DEPARTMENT, AMER GROUP LIMITED  
PO BOX 12, SF-04301 HYRYLA, FINLAND

Please send me a copy of your 1983 Annual Report

Name \_\_\_\_\_  
Address \_\_\_\_\_

**AMER GROUP LTD**



This Prospectus includes information given in compliance with the Regulations of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland ("The Stock Exchange") for the purpose of giving information to the public with regard to the Republic of Trinidad and Tobago ("The Republic"). The Republic has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other facts the omission of which would make misleading any statement herein, whether of fact or of opinion. The Republic accepts responsibility accordingly.

Dated 1 May, 1984

Application has been made to the Council of The Stock Exchange for the £50,000,000 Loan Stock 2009 (the "Stock") to be admitted to the Official List for quotation in the gilt-edged market.

The Stock will be available either in registered form, transferable in amounts and multiples of one penny, or, at the option of the holder, in bearer form, represented by bearer bonds which will be available in the denomination of £5,000. Stock in registered form may be exchanged for bearer bonds and vice versa at any time after 3 September, 1984. Bearer bonds in bearer form will be available on 3 September, 1984. Certificates in respect of the Stock in registered form and bearer bonds in respect of Stock in bearer form will be available on 3 September, 1984, provided that the balance of the moneys payable has been duly paid.

THE APPLICATION LIST WILL OPEN AT 10.00 A.M. ON THURSDAY, 3 MAY, 1984 AND WILL CLOSE LATER THE SAME DAY.



# The Republic of Trinidad and Tobago

Issue on a yield basis of

## £50,000,000 Loan Stock 2009

Redeemable at Stockholders' option in 1989, 1994, 1999 and 2004

payable as to £30 per cent. of the nominal amount on application and as to the balance of the issue price not later than 7 August, 1984 with interest payable half yearly on 23 May and 23 November

The Issue has been underwritten by

- |  |   |
|--|---|
| <b>Morgan Grenfell &amp; Co. Limited</b> | <b>J. Henry Schroder Wagg &amp; Co. Limited</b> |
| <b>Barclays Bank Group</b>               | <b>Baring Brothers &amp; Co. Limited</b>        |
| <b>County Bank Limited</b>               | <b>Kleinwort, Benson Limited</b>                |
| <b>Samuel Montagu &amp; Co. Limited</b>  | <b>S. G. Warburg &amp; Co. Ltd.</b>             |

**PROCEDURE FOR APPLICATION**

Each application must be made in the form of the application form provided herewith and must be lodged with National Westminster Bank PLC, New Issues Department, P.O. Box 79, 2 Princes Street, London EC2P 2BD not later than 10.00 a.m. on Thursday, 3 May, 1984 and must comply with the provisions of "Terms of Payment in Respect of Applications" below.

Applications for Stock must be for a minimum of £100 nominal amount of Stock and thereafter for the following multiples of Stock:

Amount of Stock applied for	Multiple
£100—£2,000	£100
£2,000—£10,000	£500
£10,000—£100,000	£5,000
£100,000 or greater	£25,000

Morgan Grenfell & Co. Limited and J. Henry Schroder Wagg & Co. Limited, on behalf of the Republic, reserve the right to reject any application and to accept any application in part only. If any application is not accepted, the amount paid on application will be returned by post at the risk of the person submitting the application and, if any application is accepted for a smaller amount of Stock than that applied for, the balance of the amount paid on application will be so returned, in each case without interest, and in the meantime all such amounts will be held in a separate account.

Morgan Grenfell & Co. Limited and J. Henry Schroder Wagg & Co. Limited, on behalf of the Republic, will announce the basis of allotment by 9.30 a.m. on Friday, 4 May, 1984. It is expected that confirmation of allotments will be despatched on that day. Acceptances of applications for Stock will be conditional (inter alia) upon the Council of The Stock Exchange admitting the Stock to the Official List on or before Wednesday, 3 May, 1984. Morgan Grenfell & Co. Limited and J. Henry Schroder Wagg & Co. Limited, on behalf of the Underwriters, have the right in certain circumstances to terminate the underwriting agreement, which is subject to certain conditions and accordingly, if such rights are exercised or the underwriting does not become unconditional, no applications for Stock will be accepted or, as the case may be, acceptances of applications for Stock will become void (see "General Information—Underwriting Arrangements" below).

**TERMS OF PAYMENT IN RESPECT OF APPLICATIONS**

Each application, unless made by a recognised bank or stockbroker taking advantage of the alternative method of payment described below, must be accompanied by a cheque payable to "National Westminster Bank PLC" and crossed "Trinidad and Tobago Loan" representing payment at the rate of £30 per cent. of the nominal amount of Stock applied for. Such cheques must be drawn on a branch in the United Kingdom or the Channel Islands of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses.

The alternative method of payment is available only to recognised banks or stockbrokers who irrevocably engage in the application forms lodged by them to pay National Westminster Bank PLC, New Issues Department, P.O. Box 79, 2 Princes Street, London EC2P 2BD for credit to an account designated "Trinidad and Tobago Loan" by 10.00 a.m. on Wednesday, 9 May, 1984 the amount in Town Clearing Funds representing payment at the rate of £30 per cent. of the nominal amount of the Stock in respect of which their applications shall have been accepted.

Morgan Grenfell & Co. Limited and J. Henry Schroder Wagg & Co. Limited, on behalf of the Republic, reserve the right to instruct National Westminster Bank PLC to retain the relevant allotment letters and to delay the return of surplus application moneys (if any) pending clearance of applicants' remittances.

The balance of the amount payable on any Stock allotted must be paid on or before 7 August, 1984. Such balance may be paid in advance of its due date, but no discount will be allowed or interest paid on such balance for any period prior to 7 August, 1984. Failure to pay such balance when due will render all amounts previously paid liable to forfeiture and the allotment liable to cancellation. Interest at the rate of two per cent. above the Base Rate of National Westminster Bank PLC may be charged on such balance if accepted after its due date. The Republic reserves the right, in default of payment of such balance, to sell any such Stock fully paid for its own account.

The expression "recognised bank or stockbroker" shall mean any organisation which is a recognised bank for the purposes of the Banking Act 1979 and any firm of stockbrokers which is a member of The Stock Exchange and such other banks or brokers as Morgan Grenfell & Co. Limited and J. Henry Schroder Wagg & Co. Limited, on behalf of the Republic, shall in their absolute discretion think fit for the purposes of the issue.

The expression "Town Clearing Funds" shall mean a cheque or banker's payment for £10,000 or more drawn on a Town Clearing Branch of a bank in the City of London.

**DELIVERY**

Renounceable allotment letters (partly paid) in respect of Stock allotted will be despatched by Wednesday, 9 May, 1984 by first class post to, and at the risk of, the person submitting the application in accordance with the instructions stated on the application form.

Allotment letters may be split up to 3.00 p.m. on 3 August, 1984 in accordance with the instructions contained therein into denominations or multiples of £100 nominal amount of Stock.

Unless a duly renounced allotment letter with the registration application form and/or the form of application for Stock in bearer form duly completed is received by National Westminster Bank PLC, New Issues Department, P.O. Box 79, 2 Princes Street, London EC2P 2BD on or before 7 August, 1984, the Stock represented by such allotment letter will, provided it is fully paid, be registered in the name of the original allottee and thereafter Stock in registered form will be transferable only by instrument of transfer.

Allotment letters will provide for Stockholders to elect to take delivery of Stock in bearer rather than registered form. Stock in bearer form will be represented by bearer bonds which will be available in the denomination of £5,000.

Each Stockholder who elects in the allotment letter to receive bearer bonds may elect to receive them in one of the three following ways:

- by collection from the offices of National Westminster Bank PLC, Stock Office Services, 20 Old Broad Street, London EC2N 1EJ; or
- by post at the risk of the applicant. National Westminster Bank PLC will issue any package destined for an address in the United Kingdom provided a cheque is enclosed with the allotment letter made out for 50p per £1,000 nominal amount of bearer bonds to be sent (minimum payment £5). Insurance rates for other countries will be quoted on request; or
- by delivery to an existing account with the Euro-clear System or CEDEL S.A.

Bearer bonds are expected to be available for delivery on and after 3 September, 1984.

Stock Certificates in respect of Stock in registered form will be despatched to the registered holders (in the case of joint holders to the first named) at their

registered addresses, at their risk, by National Westminster Bank PLC on 3 September, 1984. After such date, allotment letters will cease to be valid for any purpose.

No Stock Certificate will be issued and no bearer bond will be made available unless the Stock to be represented thereby is fully paid.

**DETERMINATION OF RATE OF INTEREST, ISSUE PRICE AND INITIAL REDEMPTION PRICE**

The Stock will have attached such rate of interest and be issued at such price as will result in the Stock having a gross redemption yield determined on the basis described below (the "Issue Yield").

The Issue Yield shall mean the sum of 1.85 per cent. and the gross redemption yield, rounded to three places of decimals (with 0.0005 being rounded upwards), on 13½ per cent. Treasury Stock 2004/2008 at 3 p.m. on Wednesday, 2 May, 1984. Such gross redemption yield will be calculated on the basis set out below.

The rate of interest attaching to the Stock will be determined by Morgan Grenfell & Co. Limited and J. Henry Schroder Wagg & Co. Limited and will be an integral multiple of one quarter of one per cent. and will be as high as possible consistent with an issue price as near as possible to, but not greater than par. The issue price will also be determined by Morgan Grenfell & Co. Limited and J. Henry Schroder Wagg & Co. Limited and will be expressed as a percentage rounded to three places of decimals (with 0.0005 being rounded upwards).

The Initial Redemption Price being the price at which Stockholders can require Stock to be redeemed on 23 May, 1989 will be the price determined by Morgan Grenfell & Co. Limited and J. Henry Schroder Wagg & Co. Limited such as would cause the Stock to have a gross redemption yield (calculated for a redemption date of 23 May, 1989) equal to the sum of 1.40 per cent. and the gross redemption yield, rounded to three places of decimals (with 0.0005 being rounded upwards), on 10 per cent. Exchequer Stock 1989 at 3 p.m. on Wednesday, 2 May, 1984. Such gross redemption yield will be calculated on the basis set out below.

It is intended that notice of the Issue Yield, rate of Interest, Issue Price and Initial Redemption Price will be published in the *Financial Times* on Thursday, 3 May, 1984.

Each gross redemption yield will be expressed as a percentage and calculated on the basis indicated by the Joint Index and Classification Committee of the Institute and Faculty of Actuaries as reported in the Journal of the Institute of Actuaries, Vol. 105, Part 1, 1978, Page 16. For this purpose, the price cum dividend of such Treasury Stock or Exchequer Stock will be the price determined by Morgan Grenfell & Co. Limited and J. Henry Schroder Wagg & Co. Limited to be the arithmetic mean of the respective bid and offered prices quoted on a dealing basis for the settlement on the following business day by three jobbers in the Gilt-edged market.

**PARTICULARS OF THE STOCK**

The issue of the £50,000,000 Loan Stock 2009 (the "Stock") of the Republic was authorised by the Minister of Finance and Planning of the Republic on behalf of the Republic acting under the External Loans Act of the Republic and will be constituted by a Deed Poll to be entered into by the Republic. The following includes a summary of, and is subject to, certain detailed provisions of the Deed Poll which may be referred to for inspection at the offices of the Registrar and Paying Agents referred to below.

**Status**

The Stock will be a direct, unconditional and general obligation of the Republic and the full faith and credit of the Republic will be pledged for the due and punctual payment of the principal of and interest on the Stock and for the due and timely performance of all obligations of the Republic with respect thereto. Subject to "Negative Pledge" below, the Stock will rank pari passu with all other unsecured Indebtedness of the Republic from time to time outstanding. "Indebtedness" means all Indebtedness of the Republic in respect of moneys borrowed by the Republic and guarantees given by the Republic in respect of moneys borrowed.

**Negative Pledge**

The Republic will not create any mortgage, pledge or other encumbrance upon the whole or any part of its present or future revenues or assets to secure any External Indebtedness without securing the outstanding Stock *pari passu* therewith and the instrument creating any such mortgage, pledge or other encumbrance shall expressly provide that "External Indebtedness" means Indebtedness which is expressed or denominated in a currency or currencies other than Trinidad and Tobago dollars ("TT dollars" or "TT") or which is, at the option of the person indebted thereon, payable in a currency or currencies other than TT dollars or which is payable at a rate or in an amount determined by reference to a currency or currencies other than TT dollars.

**Interest**

The Stock will bear interest from 9 May, 1984 at a rate per annum to be determined in accordance with "Determination of Rate of Interest, Issue Price and Initial Redemption Price" above. Interest will be payable (less, where applicable, United Kingdom Income tax) by equal half yearly instalments on 23 May, for, in 2002, 22 May and 23 November (the "Interest Payment Dates") in each year except that the first payment of interest in respect of the period from 9 May, 1984 to 23 November, 1984 will be made on 23 November, 1984 and will be calculated using the following formula:

$$I = \left( \frac{30}{365} \times \frac{30}{P} \times R \right) + \left( \frac{108}{365} \times R \right)$$

where: I is the first payment of interest on £100 nominal amount of Stock, R is the percentage rate of interest attaching to the Stock, and P is the issue price.

Interest will cease to accrue on the Stock on the due date for redemption thereof unless payment of principal is improperly withheld or refused.

**Form**

The Stock will be available either in registered form ("Registered Stock") or, at the option of the person entitled thereto, in bearer form ("Bearer Stock"). On or after 3 September, 1984 and subject as provided below, Registered Stock will be exchanged in nominal amounts of £5,000 or integral multiples thereof for Stock in bearer form and Bearer Stock may be exchanged for Registered Stock. Bearer Stock will be represented by bearer bonds in the denomination of £5,000 each (the "Bearer Bonds") and on issue an interest coupon ("Coupon") will be attached to each Bearer Bond in respect of each Interest Payment Date following the date of issue of such Bearer Bond, provided that, in the case of a Bearer Bond issued pursuant to an application received between the day following a Record Date (as defined below) and the immediately succeeding Interest Payment Date (inclusive), no Coupon will be attached in respect of that immediately succeeding Interest Payment Date.

Applications for Bearer Stock made before the issue of definitive documents of title must be made on or before 7 August, 1984 in accordance with the instructions contained in the allotment letter which will be despatched to persons to whom Stock is allotted (see "Delivery" above). On or after the issue of definitive documents of title, applications for exchange must be made on the form available at the specified offices of each of the Registrar, the Exchange Agent, the Principal Paying Agent and the other Paying Agents referred to below and must be made by the registered holders of Registered Stock or the holders of Bearer Bonds, as the case may be, lodging such forms duly completed as specified by the Exchange Agent. If any such application is lodged on or before 7 November, 1984, no charge will be made in respect of such exchange; after 7 November, 1984, such exchange will only be made on payment of such costs and expenses as may be incurred in connection therewith.

An application to exchange Registered Stock for Bearer Bonds (to which such application relates and an application to exchange Bearer Bonds for Registered Stock shall have attached thereto the Bearer Bonds) to which such application relates together with all unremitted Coupons appearing thereon, shall be presented to all unremitted Coupons appearing thereon to any Bearer Bond, no exchange will be made in respect thereof. In the case of an application received during the period commencing on the day following a Record Date and expiring on the day before the next Interest Payment Date, a Coupon falling due for payment on such Interest Payment Date shall, for the purposes of this paragraph, be deemed to have matured. If the Stock Certificate attached to an application for the exchange of Registered Stock for Bearer Bonds relates to a greater nominal amount of Stock than that in respect of which application for exchange was made or relates to a nominal amount of Stock which is not an integral multiple of £5,000, the balance of such Stock will remain in registered form and a new Stock certificate will be issued in respect of the balance. All applications for the exchange of Registered Stock for Bearer Bonds and vice versa will be irrevocable. An application shall be deemed to be made on receipt by the Exchange Agent of a duly completed exchange form.

The Initial Exchange Agent is National Westminster Bank PLC and its specified office is at Stock Office Services, 20 Old Broad Street, London EC2N 1EJ or such other place or places in the City of London as may from time to time be notified to Stockholders in accordance with "Notices" below. The Republic reserves the right to terminate the appointment of the Exchange Agent, provided that notice of such termination shall take effect only if the Registrar has been notified of such termination in accordance with "Notices" below.

Bearer Bonds issued in exchange for Registered Stock and Stock Certificates in respect of Registered Stock in exchange for Bearer Bonds will be available for delivery at the specified offices of the Exchange Agent or will be despatched, in accordance with the instructions contained in the application, in each case within three business days of receipt of the relevant application duly completed.

**Transfer**

The Registrar and Transfer Office for the Registered Stock will be at the specified office of the Registrar: National Westminster Bank PLC and its specified office is at Registrar's Department, P.O. Box 82, 37 Broad Street, Bristol BS99 7NH or such other place or places in England as may from time to time be notified to Stockholders in accordance with "Notices" below. The Republic reserves the right to terminate the appointment of the Registrar, provided that no such termination will take effect until a new Registrar having a specified office in England has been appointed and notice of his appointment has been given to Stockholders in accordance with "Notices" below.

Registered Stock will be transferable in amounts and multiples of one penny by an instrument in writing as if the Stock were a security to which Section 1 of the Stock Transfer Act 1963 of Great Britain applied. The Bearer Bonds will be transferable by delivery.

**Redemption**

**(a) Mandatory Redemption**  
The Republic will redeem the Stock unless previously redeemed or purchased and cancelled at par on 23 May, 2009.

**(b) Stockholders' Optional Redemption**  
Each Stockholder is entitled, at his option, to require the Republic to redeem all or part of his Stock (provided that Bearer Bonds shall only be redeemed in nominal amounts of £5,000 or integral multiples thereof) at the Initial Redemption Price referred to in "Determination of Rate of Interest, Issue Price and Initial Redemption Price" above (in the case of the first Interest Payment Date hereafter referred to) or at par (in the case of the second and subsequent Interest Payment Dates) in respect of the Stock held by him in each case with accrued interest to the date of such redemption on the Interest Payment Date falling in May in 1989, 1994, 1999 and 2004. To exercise such option, the Stockholder shall complete, sign and deposit at the specified office of the Registrar or any Paying Agent at his own expense during normal business hours of the Registrar or such Paying Agent not less than 45 days nor more than 60 days prior to such Interest Payment Date, a notice of redemption in the form for the time being current ("notice of redemption") obtainable from the Registrar or any Paying Agent, together with the relevant Stock Certificate or Bearer Bonds and, in the case of Bearer Bonds, together with all unremitted Coupons appearing thereon (together with which the Stockholder must pay to the Registrar or the relevant Paying Agent an amount in pounds sterling equal to the face value of each of the missing unremitted Coupon and any amount so paid will be repaid in the manner mentioned in "Payments" below against surrender of the relevant Coupon at the specified office of any of the Paying Agents at any time following the said payment but not beyond a period of 5 years after the date which would have been the due date for payment of such Coupon) if the relevant Bearer Stock had remained outstanding for the period to which the Coupon relates. For the purposes of this paragraph, Coupons due for payment on the Interest Payment Date next following the date of deposit of the relevant Bearer Bond in accordance with the provisions for redemption contained in this paragraph shall be deemed matured. Such notice of redemption shall be irrevocable and shall not be withdrawn without the consent in writing of the Republic. The Republic shall procure that the Registrar, or any Paying Agent with whom a deposit is made of a notice of redemption and a Stock Certificate or Bearer Bond together with unremitted Coupons shall issue to the relevant depositor a receipt of the form set out in the "Receipt" in which shall be stated (i) the number of such Stock Certificate or the serial number of such Bearer Bond (as the case may be), (ii) in the case of a deposit of a Bearer Bond, the specified office of the Paying Agent at which payment shall be made in accordance with these provisions and, (iii) the date of deposit of such Stock Certificate or Bearer Bond (as the case may be). If a Stockholder has exercised his option in accordance with the foregoing provisions of this paragraph, the Republic shall be bound to redeem the relevant Stock on the next following Interest Payment Date in accordance with the provisions of this paragraph. The Republic shall procure that the Registrar, upon presentation of the receipt at the specified office of the Paying Agent which issued the receipt or the specified office of the Paying Agent referred to in any receipt issued by the Registrar (in the case of a Bearer Bond deposited with the Registrar) or, in either case, (if the appointment of the

relevant Paying Agent shall have terminated) at the specified office of the Principal Paying Agent.

The Registrar or Paying Agent with whom a Stock Certificate or Bearer Bond has been deposited as aforesaid shall be deemed not to be a Stockholder for the purposes of the Stock Certificates, the Bearer Bonds and the Deed Poll.

**(c) Purchases**

The Republic may at any time purchase Stock in the open market at any price or by private agreement at a price (exclusive of accrued interest and expenses) not exceeding 115 per cent. of the middle market quotation of the Stock on the Stock Exchange (or failing such quotation, on such other stock exchange or securities market on which the Stock is listed for the time being) at the close of business on the last business day before the date of purchase, but not otherwise.

**(d) Cancellation**

Stock so redeemed or purchased shall be cancelled forthwith and will not be available for re-issue. If any Bearer Stock is cancelled without all unremitted Coupons appearing thereon, the Republic shall make payment in respect of any such missing unremitted Coupon in accordance with paragraph (b) above and "Payments" below as if the relevant Bearer Stock had remained outstanding for the period to which such Coupon relates.

**Payments**

In the case of Registered Stock, payments of principal and interest will be made in pounds sterling by cheque or warrant, drawn on a Town Clearing Branch of a bank in the City of London, which will be posted, not later than the due date for the relevant payment, at each Stockholder's risk, to persons who are registered as Stockholders at the close of business on the relevant Record Date or to their nominated agents and made payable to such Stockholders. In the case of joint holders in respect of a particular holding, the cheque or warrant (made payable to all such holders) will be sent to the first named on the Register unless instructions to the contrary are given in writing to the Registrar by all such holders. The "Record Dates" shall mean (save in respect of the first Interest Payment Date, in respect of which the Record Date will be 24 October, 1984) the third day before an Interest Payment Date, but should such third day fall on a day on which the specified office of the Registrar is not open for business, then the Record Date shall mean the first day thereafter on which such specified office is open for business.

In the case of Bearer Stock, payments of principal will only be made against surrender of the Bearer Bonds and, subject as mentioned below, payments of interest will only be made against surrender of Coupons. At the specified office of the Paying Agent in London in pounds sterling or, at the option of the bearer, at the specified office of any other Paying Agent by cheque in pounds sterling drawn on, or by transfer to an account in pounds sterling maintained by the payee with a bank in London.

Bearer Bonds should be surrendered for redemption together with all unremitted Coupons, failing which the face value of any missing unremitted Coupon (or in the case of partial payment in respect of any Bearer Bond being made, the proportion of such face value which the amount of the partial payment bears to the principal amount due in respect of the Bearer Bond) will be deducted from the principal sum due for payment. Any amounts of principal so deducted will be paid for the bearer as mentioned in the preceding paragraph against surrender of the relevant missing Coupon at any time before the expiry of a period of 10 years after the due date for such redemption, whether or not such Coupon would otherwise have become void pursuant to "Prescription" below.

If the due date for payment of any amount of principal or interest in respect of any Bearer Bond or Coupon is not a day on which banks are open for business in the location of the specified office of the Paying Agent at which the Bearer Bond or Coupon in question is presented for payment and in the case of payment by transfer to an account maintained by the payee in London as referred to above on such dealings in pounds sterling may be carried on both in London and in such place, then the holder thereof shall not be entitled to payment of such amount until the next following such day in such place or places or to any interest or other sum in respect of such day.

If the redemption date for any Bearer Bond is not an Interest Payment Date, interest accrued since (and including) the last preceding Interest Payment Date will be paid only to the holder, against surrender, of the relevant Bearer Bond.

The Initial Paying Agents and their specified offices are listed below. The Republic will at all times maintain a Paying Agent in London and in one country in continental Europe. The Stockholders will be notified in accordance with "Notices" below of the replacement of any Paying Agent, any change in the specified office of a Paying Agent and the appointment of any additional Paying Agents.

All payments of principal and interest in respect of the Stock are and will be exempt from any and all restrictions relating to exchange control imposed by the Republic, but will be subject to any fiscal or other laws applicable in England and elsewhere in respect of the Stock. In the case of payment by transfer to an account in London as referred to above, the Republic shall not apply to the imposition of or withholding or deduction for or on account of any such tax, duty, levy, assessment or other charge on a payment of principal or interest in respect of Stock where the holder thereof is liable to such tax, duty, levy, assessment or other charge by reason of having his residence in the Republic or maintaining in the Republic a permanent establishment to which the holding of such Stock is attributable for the purposes of income tax in the Republic.

**Events of Default**

Each holder of Stock is entitled to declare such Stock due and payable on the occurrence of any of the following events:

- If there is default for more than 30 days in the payment of any interest due and payable on or in respect of such Stock or
- If the Republic shall fail to pay or perform or observe any other term, condition or undertaking in the Stock Certificate relating to the Registered Stock or in the Bearer Bonds or of the Deed Poll for a period of 30 days after the date on which written notice of such failure, requiring the Republic to remedy the same, shall first have been given to the Republic at the office of the Registrar by the holder of such Stock; or
- If any External Indebtedness of the Republic shall become permanently payable or repayable following a default and payment thereof is validly demanded or if steps are taken to enforce any security therefor or if the Republic defaults in the payment or repayment of any of its External Indebtedness on the maturity thereof as extended by any applicable



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APPOINTMENTS

Thames TV forms joint company

THAMES TELEVISION and its parent companies, Thorn EMI and BET (Rediffusion), are setting up a joint company to provide services to the cable and satellite industries...

Mr David Butcher formerly with Svenska International, has been appointed associate director-syndicator at YAMAICHI INTERNATIONAL (EUROPE).

Mr David Middel joins WILTSHIRE SOUTH EAST on May 1 as marketing director.

Mr Geoffrey Baxter, senior partner, HODGSON HARROLD and Mr Geoffrey Blizard, partner, have retired...

Mr W. J. Wakeley, Mr J. Falce, Mr R. C. Coleman, Mr J. F. Cotton, Mr A. E. Redsell and Mr P. Turner have resigned from the board of BRITISH HOP PRODUCTS and Mr I. R. Ibbotson...

Mr Claude Brown has been appointed chairman of the British and Irish Association of PANNELL KERR FORSTER in succession to Mr Sidney Chedoke...

Mr Alastair M. Haddow and Mr Alastair G. Stewart have been appointed to the board of MURRAY JOHNSTONE...

Mr James T. Laurens, a non-executive director of ADAM & CO. has been appointed deputy chairman with executive responsibilities...

Mr J. S. Callis has joined the board of ATKIN RAGGETT, Lloyds Bank.

Mr P. J. Ewka, Mr J. C. E. Bous and Mr A. G. B. Pullinger became shareholding directors of LAING AND CRUCKSHANK, stockbrokers, from April 28.

Mr Jeff Griffiths has been appointed director and general manager of IRRATHANE INTER.

SCOTTISH & NEWCASTLE BREWERIES has appointed Mr Roy Summers to the board.

Senior post at Midland Bank

Mr S. H. Lawrence, at present deputy general manager (computer operations) MIDLAND BANK, has been appointed senior manager (group director of public relations and external affairs)...

N. AMERICAN QUARTERLIES

Table with multiple columns showing financial data for various companies like ALEXANDER AND ALEXANDER, ARICO, AVNET, CLARK EQUIPMENT, COMBODORE INTERNATIONAL, FORD CANADA, etc.

GENERAL INFORMATION

Underwriting Arrangements: By an Underwriting Agreement dated 30 April, 1984, Morgan Grenfell & Co. Limited, J. Henry Schroder Wagg & Co. Limited, Barclays Merchant Bank Limited, Baring Brothers & Co. Limited, County Bank Limited, Newwort, Benson Limited, Samuel Montagu & Co. Limited and S. G. Warburg & Co. Ltd. (the "Underwriters") have agreed with the Republic to underwrite the issue of the Stock and the payment of £30 per cent. of the nominal amount thereof.

The Republic has agreed to pay to the Underwriters commissions aggregating 12 1/2 per cent of the net proceeds of the issue of the Stock...

General: No person is authorised to give any information or to make any representation not contained in this Prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by the Republic or any of the Underwriters.

The Euro-clear system and CEDEL S.A. have accepted the Bearer Bonds for clearance under code nos. 3493 (Euro-clear) and 351263 (CEDEL).

When the Stock is listed, such of it as is for the time being held in registered form will, in the case of purchases made on or after 23 May, 1984, be an investment falling within Part III of the Schedule to the Building Societies (Authorised Investments) (No. 2) Order 1977 (as amended).

At 10.00 a.m. on 27 April, 1984, the middle rate between the buying and selling spot delivery rates for TT dollars quoted on the London foreign exchange market was £1 = TSD3.322. Certain amounts in this Prospectus have been expressed in US dollars and have been converted from TT dollar amounts using an exchange rate of TSD3.40 = US\$1.00, the rate at which the TT dollar was linked to the US dollar since May 1976.

Documents for Inspection: Copies of the following documents will be available for inspection at the offices of Slaughter and May at 25 Abchurch Lane, London EC4N 3DF during normal business hours until 18 May, 1984.

(i) The Underwriting Agreement referred to above; (ii) drafts, subject to modification, of the Deed Poll referred to above (including the texts of a Stock Certificate and a Bearer Bond); and (iii) the External Loans Act of the Republic.

Additional Copies: Copies of the Prospectus and application form may be obtained from: Morgan Grenfell & Co. Limited, 25 Great Winchester Street, London EC2P 2AX.

J. Henry Schroder Wagg & Co. Limited, 120 Cheapside, London EC2N 6DS. National Westminster Bank PLC, New Issues Department, P.O. Box 78, 2 Princes Street, London EC2P 2BD.

208 Piccadilly, London W1A 2DG. 80 George Street, Edinburgh EH2 3DZ. 14 Blythswood Square, Glasgow G2 4AQ. Hoare Govett Limited, 319-325 High Holborn, London WC1V 7PB and The Stock Exchange.

W. Greenwell & Co., Broad Street, London EC4M 8EL and The Stock Exchange.

The petroleum industry has been the principal source of export earnings, accounting for 84 per cent. of merchandise export earnings in 1983; estimated proven oil reserves stood at 633 billion barrels in 1983, which would be sufficient for 10 years production at 1983 production levels.

Merchandise exports accounted for 28 per cent. of GDP in 1983. The most important export markets are the USA, other Caribbean countries and the EEC. The most important suppliers of imports are the USA, the United Kingdom and other EEC countries.

GDP declined by 2.7 per cent. in real terms in 1983, whereas in 1982 it had grown by 3.5 per cent. This contrasts with the rapid economic expansion experienced in the period prior to 1979, and reflects the lower level of domestic crude oil production and, more recently, the weakness of international prices.

The policy of the Government is in general to encourage foreign investment, especially where such investment involves the transfer of expertise to national and facilitates access to export markets. However, Government policy is to ensure that control over the key sectors of the economy remains in the hands of nationals.

The Central Bank of the Republic is responsible for the administration of exchange control under powers delegated by the Minister of Finance and Planning under the Exchange Control Act and the Exchange Control Regulations.

In 1983, the Retail Price Index increased by 16.7 per cent. (1982: 11.4 per cent.). The acceleration in 1983 was mainly due to the impact of measures introduced in the 1983 budget, including reductions in subsidies and higher purchase taxes.

The changes announced in the 1984 budget are expected to reduce subsidies on a range of goods and services by a further US\$130 million. Revenues (particularly purchase tax, excise duty and import duty) are expected to increase by US\$240 million. Revenue is budgeted to be 10.8 per cent. higher than in 1983, exceeding current expenditure by US\$210 million.

The total direct debt of the Government at 31 December, 1983 was US\$1,056 million, of which US\$419 million was domestic debt and US\$637 million was external debt. At 31 December, 1983, the Government had a net surplus of US\$104 million of domestic debt and US\$950 million of external debt.

The Republic has always paid, when due, the full current face amount of principal, interest and amortisation or sinking fund requirements of its indebtedness in accordance with the terms of such indebtedness.

Selected economic statistics are given in the table below. Table with columns for years 1979, 1980, 1981, 1982, 1983 and rows for Gross Domestic Product, International reserves, Exports of goods and services, etc.

Includes contingent obligations in respect of medium-term loans to state corporations. Net foreign reserves at end of period divided by average monthly imports. End of January 1984.

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(a) that the payments are made directly to an address abroad other than a branch of a United Kingdom company (including a bank); and (b) that the Registrar does not recognise the recipient as a person in the United Kingdom and does not recognise that the payment is being made, directly or indirectly, to, or for the account of, such a person.

Persons who are not resident for tax purposes in the United Kingdom may apply by sending a claim form A to the Inspector of Foreign Dividends for exemption from United Kingdom income tax on interest payable in respect of Registered Stock on grounds of non-residence. Any bank in the United Kingdom which is recognised as such by the Inland Revenue and which is the beneficial owner of Registered Stock may, under current Inland Revenue practice, agree that it will account for payment of interest in respect of that Stock to be made gross to it.

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The economy is dominated by commercial oil and gas production, contributing 23 per cent. of GDP and 37 per cent. of Government revenue in 1983. In recent years the Government has undertaken a large capital expenditure programme reaching a peak of US\$1,556 million in 1982 with the intention of developing industries which use natural gas to create products for export. New plants for the manufacture of steel and fertilisers commenced production in 1980 and 1982 respectively.

The principal employers are the service sector for 51 per cent. of the workforce in 1983, construction (17 per cent.) and manufacturing (12 per cent.). The Government plays an important role in economic development; its activities include the promotion of development in the private sector, as well as direct participation in commercial activity, either alone or in joint ventures with the private sector.

ALTERNATIVE METHOD OF PAYMENT: (This method of payment is available only to recognised Banks or Stockbrokers as described in the Prospectus.) We hereby irrevocably engage to pay National Westminster Bank PLC, New Issues Department, P.O. Box 78, 2 Princes Street, London EC2P 2BD for credit to the account designated "Trinidad and Tobago Loan" by 10.00 a.m. on Wednesday, 9 May, 1984 the amount in Town Clearing Funds representing payment at the rate of £30 per cent. for the Stock allotted to the person(s) named above in respect of this application.

Name of bank or broker, Address in full, Date.

Stamp of bank or broker claiming brokerage (if any), A.L. No., Stock allotted.

Authorised Signature.

days of grace or any guarantee given by the Republic of any External Indebtedness of others shall not be honoured when due and called or when any portion of grace applies thereto, or a moratorium shall be declared on the payment of any External Indebtedness of the Republic or the Republic shall stop or suspend payment of any External Indebtedness or shall convene a meeting for the purposes of making, or shall propose or enter into, any arrangement or composition for the benefit of its creditors generally, or any class thereof, in respect of any of its External Indebtedness or shall commence negotiations with its creditors generally, or any class thereof, with a view to a re-adjustment or re-scheduling of any of its External Indebtedness.

In any such event, such holder of Stock may, by written notice to the Republic at the office of the Registrar, effective upon receipt thereof by the Registrar, declare the principal of and all interest then accrued on such Stock to be forthwith due and payable, whereupon the same shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which the Republic hereby expressly waives, anything contained in the Deed Poll, the Stock Certificate relating to Registered Stock or the Bearer Bonds to the contrary notwithstanding, unless, prior to the time when the Registrar receives such notice, all Events of Default in respect of all the Stock which shall have been cured. If any Stock becomes due and payable in accordance with these provisions, such Stock shall continue to bear interest in accordance with "Interest" above which will continue to apply.

Prescription: If any principal or interest in respect of Stock which was Registered Stock on the due date for payment of such principal or interest remains unclaimed for a period of 10 years in the case of principal or 3 years in the case of interest (from the date of such due date for payment of such principal or interest) then the holder of such Stock shall be deemed to have assigned to the Registrar all his rights in and to such Stock and the Registrar shall be deemed to have received such assignment and shall be deemed to be the holder of such Stock for all purposes.

Each Bearer Bond and (except as mentioned in "Payments" above) each Coupon will be void unless surrendered for payment within a period of 10 years and 5 years, respectively, from the later of (i) its due date for payment and (ii) the date on which, the full amount of moneys payable in respect of the Stock on such date having been ascertained, a notice of such date and such amount is given to Stockholders in accordance with "Notices" below.

Replacement of Stock Certificates, Bearer Bonds and Coupons: If any Stock Certificate, Bearer Bond or Coupon is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar in the case of a Stock Certificate or of the Exchange Agent in the case of a Bearer Bond or Coupon on payment by the holder of such certificate or coupon of such sum as may be determined by the Registrar and on such terms as to evidence and indemnity as the Registrar or (as the case may be) the Exchange Agent may require. Mutilated or defaced Stock Certificates, Bearer Bonds or Coupons must be surrendered before replacements will be issued.

Title to Bearer Bonds and Coupons: The Republic, the Registrar, the Exchange Agent and any Paying Agent may treat the holder of any Bearer Bond or Coupon as the holder thereof (whether or not such Bearer Bond or Coupon shall be overdue and notwithstanding any notice of ownership or writing thereon) for the purposes of receiving payment and for all other purposes.

Notices: All notices will be valid if despatched by post to each Stockholder at his registered address (in the case of joint holders, to the address of the holder whose name stands first in the Register) and if published in one leading daily newspaper printed in the English language and in a newspaper printed in the English language having general circulation in Europe. It is expected, however, that publication of such notices will normally be made in the Financial Times. Any such notice will be deemed to have been given on the later of the day following the date of such despatch and the date of the first such publication.

Modification of Rights: The conditions of the Stock and the provisions of the Deed Poll and the rights of the Stockholders are subject to modification pursuant to an Extraordinary Resolution of the Stockholders as provided in the Deed Poll.

Governing Law, Jurisdiction and Waiver of Immunity: The conditions of the Stock and the provisions of the Deed Poll will be governed by and construed in accordance with the laws of England.

The Republic will irrevocably agree that any suit, action or proceeding ("proceedings") arising out of or in connection with the Stock may be brought in the English courts or in any competent court in the Republic, will submit to the non-exclusive jurisdiction of, and to the extent that it is legally able to do so, will waive irrevocably any immunity to which it might otherwise be entitled in proceedings brought in, each such court and consent generally to the jurisdiction of any proceedings arising out of or in connection with the Stock to the giving of any relief or the issue of any process in the English courts in connection with such proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its situs or intended use, but excluding any property assets which are intended to be used for any diplomatic or consular purposes) of any judgment which may be given in such proceedings. The Republic will designate and appoint the most senior person in London for the time being representing the Republic in litigation or as counsel as its authorised agent for the receipt of any judgment or other process in connection with proceedings in England and will agree that any writ, judgment or other process shall be sufficiently and effectively served on the Republic if delivered to the said representative at his official address (or, if none, his address) for the time being in England or in any other manner permitted by law.

USE OF PROCEEDS: The net proceeds to be received by the Republic from the issue of the Stock will be credited to the Central Bank of the Republic and will be used for the purpose of financing general development in the Republic.

STOCK EXCHANGE DEALING: The Stock in both registered and bearer forms will be dealt in on The Stock Exchange in the City of London. The Stock will normally be traded for settlement and delivery on the working day after the date of the transaction. Under current market practice, the price of the Stock will be quoted inclusive of accrued interest until the Stock has five years or less until final maturity. It is expected that dealings on The Stock Exchange will begin on Friday, 4 May, 1984 without discontinuance of title and at sellers' risk for deferred settlement on Thursday, 10 May, 1984.

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Authorised Signature.



## TECHNOLOGY

PRIVATISATION OF DEFENCE R &amp; D GETS UNDER WAY

## First fruits of Strathcona's doctrine

BY DAVID FISHLOCK, SCIENCE EDITOR

A MAJOR new design and development effort within British industry, spending £100m-£150m a year, is being carved from the research establishments of the Ministry of Defence. The first cut effectively "privatises" the ministry's development effort on rocket motors, to form the foundation of an R and D arm for the new company planned to manage the Royal Ordnance Factories.

This month, the MOD has transferred some 600-700 staff—at this stage as civil servants on secondment—at its Propellant, Explosive and Rocket Motor Establishment, and two sites at Westcott near Aylesbury, Buckinghamshire, and Waltham Abbey (south site), Hertfordshire, to the embryonic ROF company. They are currently spending "some tens of

has just combined RARDE and NVVE into a single establishment, to be known as RARDE. Its speciality will be warhead design. Its director is Dr Tom McLean, already director at Fort Halstead. Much of the design and development activity on land systems at Chobham will be transferred to the ROF company.

The reorganisation of the £600m-a-year activities of the MOD's research establishments is part of a pattern established by the Strathcona report, a 1980 MOD Green Paper. The two big changes it aimed for were rapid acceleration of the trend to transfer project-related R and D activities to industry, and reinforcement of some of the more novel and intellectually challenging ideas for defence technology and systems.

Mr Fielding's latest moves reduce the number of R and D establishments from 11 to 7, and consolidate the trend to focus their activities on a technology rather than a particular service arm. Thus the reorganised RARDE becomes the focus of non-nuclear warhead development and design for all three services; just as the Atomic Weapons Research Establishment, Aldermaston, develops and designs nuclear warheads for all three services.

Another change merges three former Navy establishments into a single centre of about 4,000 staff specialising in command and control for all three services. The newly created Admiralty Research Establishment has Mr Ian Bott—inventor of a famous radar device of the 1960s known as "Bott's bottle"—as its first director. His headquarters will be at Portsmouth, near Portsmouth, site of the former Admiralty Surface Weapons Establishment. But his deputy director will be at Portland, the former Admiralty Underwater Weapons Establishment near Weymouth. Three other former Navy laboratories—in Teddington, Dunfermline and Dorset—become outstations of the ARE.

These changes have three overall aims, Colin Fielding says. First they further the policy of establishing centres of excellence for all three services for the primary defence technologies of the future. The pattern today is summarised in the accompanying table.

Under a major reorganisation of the MOD's R and D effort, Mr Colin Fielding, controller of establishments and research,

R AND D: UK CENTRES OF EXCELLENCE IN DEFENCE TECHNOLOGY	
Establishment	Core Technology
Admiralty Research Establishment (Portsmouth)	Command and control
Aeroptics and Experimental Establishment (Boscombe Down)	—
Atomic Weapons Research Establishment (Aldermaston)	Nuclear warheads
Chemical Defence Establishment (Porton)	Chemical and biological defence
Royal Aircraft Establishment (Farnborough)	Aeronautics, guided weapons, materials
Royal Armament Research and Development Establishment (Fort Halstead)	Conventional warheads
Royal Signals and Radar Establishment (Malvern)	Electronics, electro-optics, sensors, lasers, electronic warfare, computing

plementary role with the UK defence industries than has existed in the past.

As Fielding sees it, the MOD has to "try to take aboard the thrust of its thinking in our research programmes; asked to make bids based on real costs for up to a year ahead. They were charged with the full cost of resources—such as computer time—they estimated they would need to do it."

"It's amazing what an excellent discipline it is," Fielding says. "People think twice before they let the computer run all night, crunching numbers."

## Ferranti CAD/CAM for Royal Ordnance

NINE Royal Ordnance Factories are to be equipped with Ferranti computer-aided design and manufacturing (CAD/CAM) systems in what may be the largest single order placed in Europe, worth £3 million.

Ferranti expects to equip all 14 ROFs eventually, bringing the total value to about £10m. Distributed throughout England and Scotland, the ROFs produce a wide range of armaments for Britain's forces, ranging from main battle tanks to small arms ammunition. They employ 18,500 people and in 1982/83 turned over nearly £450m. Subject to parliamentary approval they will soon be incorporated under the Companies Acts.

At the same moment, the name of the company making the CAD/CAM equipment has been changed from Ferranti Ceteo to Ferranti Infographics.

Managing director Mr J. G. Scott thinks the new name is more descriptive of the company's activities and also points out that there is no longer any connection with Ceteo Corporation in the U.S.

In the last month of 1983 the Ferranti company sold £1m of CAD/CAM including £0.25m of its CAM-X system to Vickers Defence Systems for the design of armoured fighting vehicles. Another £200,000 of the equipment went to Hygena in Humberdale for the design of kitchens and kitchen components.

The CAM-X system, introduced in 1982 and made in Scotland, incorporates advanced draughting, design and manufacturing software and operates on the Digital Equipment VAX range of computers. More on 0506 411583.

GEORGE CHARLES

## How will cable operators get their TV programmes?

THE QUESTION which everyone in the media business is currently asking in Britain is how will cable TV operators get their programmes? Understandably, the cable industry is very concerned about the quality of programme material it will require to fill all those channels. Yet the question has another meaning, too, barely considered or explored in the public debate about cable: how will the programmes actually get to 100 or more local stations before being re-distributed to local subscribers?

The alternative meaning to the question reveals one assumption that must be now taken for granted. Namely, despite the localised nature of cable TV, the bulk of programming will come as blocks of national networking. And the electronic logistics involved in this demand some highly sophisticated distribution systems.

Local cable TV operators scattered around the UK are taking their mainstream programming from national suppliers such as the TEN feature film channel run by United Cable Programmes and the forthcoming children's channel (Jack-in-Box) offered by Thorn EMI. The assembly and distribution of these programmes is now tending to be concentrated into two or three London facility centres, such as the Rank Phicom subsidiary TVI—which services both TEN and Satellite Television's Sky Channel.

The servicing and distribution of a cable TV channel is no minor feat. For TVI it means knowing exactly what is due to be distributed some weeks in advance—films, commercials, linking sequences—ensuring that all the material is to hand on time, checking it for quality (it may come in as American NTSC tapes, 3 inch tapes, film) and then assembling it with electronic time coding as necessary. This "assembly" may mean, for example, that a TV commercial has time coding that will enable appropriate local cable stations automatically to block out the commercial in order to insert local advertising.

When the material is ready, getting it to the cable stations is where the real journeying begins. It is not of course despatched by messenger on horseback, but ideally via satellite. For TVI, this utilises the Post Office Tower—from where it is relayed to the British Telecom satellite ground station at Woolwich, where a 13 metre diameter dish aerial sends it 24,000 miles to one of seven satellites covering the UK.

From this point, it is up to the cable operators to bring the signal in again—another 24,000 or more miles—assuming of course that they have paid for it. A down-link station using a dish aerial of 3.7 metres will cost a local station about £15,000 to £20,000. But additionally many cable TV stations are offering BBC and ITV programmes—including some out-of-region programmes—and require very tall masts for conventional TV aerials and smaller microwave dishes.

This clutter of technology, known as an aerial farm, poses problems of its own. A 3.7 metre dish aerial which must

be accurately aligned to the satellite—and stay that way—requires substantial anchorage because of the wind loading it has to withstand. Many cable stations are operating in town centres and from premises unsuitable for such engineering feats, even if the local authority gave planning permission for an installation with the aesthetic appeal of a radar station.

In consequence, a costly landline must be installed to connect the aerial farm to the cable station. Thorn EMI has done this at Swindon, using an optical fibre link 1.7 miles long. Nonetheless, its film channel at present is actually delivered physically on 1-inch videotape—but will change over to satellite distribution later this year.

There are signs that some cable operators may not have completely anticipated these siting problems, and wherever a station has to be separated from its downlink dishes the insulation of landlines is not only a costly solution but technically unsatisfactory unless fibre optics are used. Co-axial cable is subject to picking up interference and may require amplifiers.

There are also indications that the cable operator may not be free to determine his own company's land-line link to the

technical parameters for the quality of signals delivered to subscribers. At present, for example, Thorn EMI is using so-called low band U-matic tapes for its feature film channel—a practice that ITV would not accept. When programmes are distributed by satellite, all sorts of technical horrors could occur and the new Cable Television Authority will surely have to address itself to technical as well as programme standards.

Forever in the middle of this 21st century distribution business is British Telecom; some might say with unfair advantages. Access to the transponders on those satellites covering the UK (each transponder can represent a channel) is effectively controlled by BT. Charges for leasing such circuits make it uneconomic to commit for less than 24 hours per day or week, but clients are not allowed to resell unused capacity.

Visnews, the TV news agency with substantial video facilities and a satellite operation of its own, is typical of the kind of company that could run a satellite brokering service—with all the associated facilities available such as teletext transfer, video editing, even some studio capacity. But at present Visnews is not even permitted to have an up-link dish aerial at its Park Royal site because BT believe it could cause interference. Visnews is obviously sceptical about this argument and meanwhile has to rely on landlines to the Post Office Tower.

There are, of course, valid reasons for regulation and control over the broadcasting of signals—to preserve technical standards, prevent interference with aircraft and other transmissions and maintain some sanity in what is effectively a public utility. But with cable TV stations in Britain now dependent on broadcast or satellite technologies to receive and redistribute their programmes, the fragmentation of responsibility in the chain begins to look rather stretched.

Cable television, perhaps even more than broadcast TV, is bringing together a complex array of technical standards and media in interfacing these economically and effectively, co-ordination and centralisation of services is needed. Perhaps British Telecom is missing a trick—and should buy up a London facilities house?



Mr. Colin Fielding: "excellence"

millions of pounds a year," the MOD says.

They are pathfinders for the main privatisation of defence R and D during the mid-1980s, when the entire development and design effort on tanks and guns is to be transferred to the ROF company. Chiefly this involves activities at the Royal Armament Research and Development Establishment at Fort Halstead, Kent, and at the Military Vehicles and Engineering Establishment (the "Tank Factory") at Chobham, Surrey.

Under a major reorganisation of the MOD's R and D effort, Mr Colin Fielding, controller of establishments and research,

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**Labelling Fruity answer**

LABELS stuck on individual fruit has been mainly carried out by hand as automatic machines until now have not done this job satisfactorily. Sinclair International believes that it has overcome this problem with a rotary labeller called the R6000.

The company says that it can label up to 400 individual fruits a minute on each line of items passing through the pack-house regardless of size or texture. Bruising or damage does not occur. Sinclair International was set up to exploit this market. More details from the company in Norwich on (0603) 27294.

**Semiconductors Laser light**

AN OPTICAL semiconductor which emits laser light when activated by an electric current has been developed by NEC in Japan.

This experiment chip is a step towards the development of optical computers which will function with beams of light rather than electrons used in computers today. The breakthrough was made by two NEC research bodies; the Optoelectronics Research Institute and the Computer and Communications System Research Institute.

**Energy Hot rocks**

ASEA has set up a new company to exploit its expertise in geothermal energy. It will use concepts developed in collaboration with Lund University and the Lund Energy Authority.

The company is already involved with a 40 MW geothermal plant for district heating. The first \$5m stage of the project—as detailed this page April 4—will be complete in 1985.



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SECTION III - INTERNATIONAL MARKETS
FINANCIAL TIMES

Tuesday May 1 1984

Manchester Business School
EXECUTIVE DEVELOPMENT PROGRAMME
A SOUND CAREER INVESTMENT IN LEARNING BY DOING...
Method Ousts Magic

WALL STREET

Encouraging data leave little trace

FINANCIAL markets on Wall Street were subdued yesterday despite some encouraging economic data, writes Terry Byland in New York.
The bond market showed further weakness and gradually pulled the stock market down in its wake.

boil. The federal funds rate moved up to 10 1/4 per cent. With the rate at 10% the Federal Reserve announced three-day system repurchase arrangements. Yesterday was a peak day for Treasury tax balances, and consequently a weak day for bank reserves.

The stock market opened firmly, with the closing report on Wall Street and updated U.S. market monitors were not available because of continuing industrial action at the Financial Times' printers in Frankfurt.

major shares buoyed by hopes that the prospect of higher interest rates has been discounted and that the surge of earnings gains will propel the Dow through the 1180 level which marks the top of the recent trading range.

But stock trading was held back by the weakness of the bond market and an early round of gains in the leading issues was gradually replaced by losses.

Among those to lead the reverse in the trend of the market were IBM, 5% off at \$122, General Motors, unchanged at \$66 1/2, General Electric, 5% off at \$55 and Exxon, unchanged at \$43 1/2.

Ford Motor, however, remained firm, with a rise of 3/4 to \$35 1/2, and other scattered improvements included Texas Instruments, 1 1/4 up at \$143 1/2, NCR 5/8 better at \$107, Curtiss Wright, 1 1/4 higher at \$37 1/2 and Motorola 1/4 up at \$119 1/2.

Among the takeover stocks, Carter Hawley Hale at \$29 1/2 gave up 3/4 as in-

vestors began to doubt whether The Limited would succeed with its offer of \$35 a share. Walt Disney, hotly pursued by Mr Saul Steinberg's Reliance group, shaded by 5%.

There was renewed activity in Shell Oil as the market awaited the culmination of the parent group's bid for the outstanding equity. At \$58 1/2, Shell was unchanged on the session.

National Semiconductor, a weak spot for some time, came back into favour with a gain of 5/8 to \$15 1/2. Becton Dickinson at \$34 1/2 put on 5/8, still responding to the recent trading figures.

The bond market remained depressed throughout the session by the prospect of tomorrow's new round of Treasury financing, which will fall onto a market still lacking in retail demand. Market traders had great difficulty in moving on the Treasury securities taken on board in the Treasury's refinancing in January.

The new package is expected to involve new issues of three year and 10-year notes and of the key 30-year bond. The key bond opened half a point down yesterday and was later quoted at 93 3/4, a net 1/2 down and yielding 12.80 per cent.

The prospect of a 13 per cent yield on the long bond, first predicted by Dr Henry Kaufman of Salomon Bros, has become a focal point for the market, which now questions whether retail buyers will be tempted by anything less than a 13 per cent return.

LONDON

Light buying enough for record high

A FIRM tone pervaded London yesterday, although buying was selective and slight compared with recent hectic sessions. The support, however, was sufficient to push the FT Industrial Ordinary index to another record, while the FT-SE 100 index closed up 0.1 at 1138.3.

The industrial index closed 2.1 higher at 910.1, taking the advance during the past five days to 30.1. Much of yesterday's rise was recorded during heightened afternoon trading.

Most interest centred on secondary issues with leading stocks taking a back seat in the wake of their sharp increases, although few strayed from previous closing levels.

BOC, up 10p to 302p, provided one of the new noteworthy movements among the index constituents. Marks and Spencer was another market leader to improve in expectation of today's preliminary results.

Unsettled by last Friday's announcement of new Government funding of £1bn of Treasury 9 1/2 per cent convertible top stock and by further weakness in sterling against the U.S. dollar, gilt-edged securities ran into early selling.

Most quotations closed a fraction above their worst but losses ranged to 1/2 and occasionally more among the longs.

Chief price changes, Page 38; Details, Page 37; Share information service, Page 38-39

The market took a bearish view of Saturday's announcement that Swire Pacific is to buy out the 27.5 per cent minority interests in the publicly listed subsidiary, Swire Properties. Following a resumption in trading after a morning suspension, the company's shares closed at HK\$18.60 compared with an opening afternoon quote of HK\$18 and last Friday's closing HK\$18.40.

The All Resources index climbed from 563.8 to 567.1 while the All Ordinaries closed up 2.2 at 756. Among mineral producers, CRA rose 6 cents to AS6.18, WMC was up 5 cents to AS4.30 and North Broken Hill rose 3 cents to AS2.70.

Uncertainty about the future of coal contracts with Japan forced the prices of most producers lower with Coal and Allied down 5 cents to AS2.90 and Oakbridge down the same amount to 95 cents.

A WIDE CROSS section of stocks followed Golds lower in Johannesburg yesterday during sustained yet light selling. The heaviest losers among the golds included Vaal Reefs, which shed 75 cents to R162.50, and Buffelsfontein - a recent favourite among international investors - which eased 50 cents to R81.

A BROAD decline in Toronto prices was triggered by a weaker gold sector although base metal mining shares were less affected. Hydrocarbon-related issues underperformed other sectors.

Industrials were the only weak spot in Montreal where banks and papers displayed considerable resilience. Utilities managed modest gains.

EUROPE

Commitment concealed by May Day

LIGHT TRADING volume was in evidence in many European bourses yesterday as investors declined to commit themselves before today's May Day holiday.

In Frankfurt, the continuing dispute over the metal and print union demands for a 35-hour working week combined with the dollar's strength against the D-Mark to engender sufficient hesitation to keep most price fluctuations within a narrow band and trim 0.7 off the Commerzbank index to 1,032.1.

The motor sector moved against the trend with Daimler-Benz DM 10.50 stronger to DM 585, a DM 30 rise during April and Mercedes DM 6.50 up to DM 497.50 and BMW DM 8 higher at DM 398, finished the month weaker.

VW's profit forecast failed to impress and it finished only 70 pf higher at DM 199.90.

In stores, Kaufhof advanced DM 4 to DM 250 after higher net profit and dividend for 1983; Karstadt turned DM 1.70 up to DM 267.90 as Horten edged firm 50 pf to DM 196.

Markets in Amsterdam, Stockholm and Tokyo were closed for national holidays. Madrid observed its normal Monday closing.

AG managed a 70 pf rise to DM 94.80 on improved turnover prospects for its Olympia subsidiary in 1984. Siemens was steady at DM 399.

Schering led cautious pharmaceuticals with a DM 3 rise to DM 350 while steels saw Thyssen slip 50 pf to DM 84.50 and Hoesch rise DM 1.70 to DM 115.70.

Narrowly mixed banks had Commerzbank DM 1.20 weaker at DM 179 and Dresdner 50 pf up at DM 177.

Bonds held steady in thin and featureless trading as the Bundesbank bought DM 5.3m of domestic paper after Friday's sale of DM 1m. The central bank also accepted DM 7.5bn in 35-day securities repurchases agreements at a rate of 5.5 per cent.

Georg Fischer's decision to pass its dividend for the third year was reflected in a SwFr 10 fall to SwFr 670.

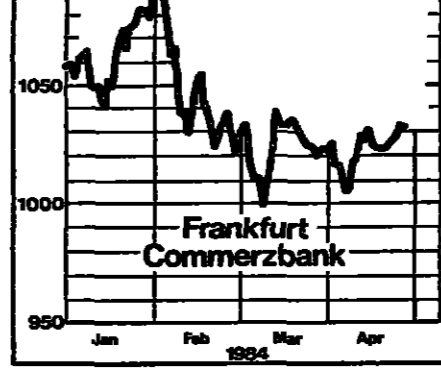
Declines of SwFr 10 were also seen for Bank Leu at SwFr 3,890 after its link-up with Samuel Montagu and for Swissair at SwFr 1,070.

In barely changed banks, Baer Holding rose SwFr 20 to SwFr 6,850 after a SwFr 200 rise in the past two sessions.

Mövenpick continued to recover from last week's lows with a SwFr 25 advance to SwFr 3,775 and Genevoise climbed SwFr 150 to SwFr 4,000.

Bonds were overshadowed by today's holiday and closed quietly steady.

A late rally in Milan failed to reverse an earlier decline. The market weakness was attributed to selling pressure on FI at following suggestions that the car maker may plan a rights issue. Fiat finished L74 off at L4,165 while IFI, the holding company of Fiat, dropped to L5,400, a decline of L115.



Olivetti benefited from a steady slow flow of foreign buying stimulated by reports that it might quote its ordinary shares in the U.S., together with its non-convertible saving shares. It gained L33 to L4,758.

A firmer tone developed in Brussels although UCB in chemicals closed unchanged at BFr 5,350 despite its improved 1983 earnings and higher dividend.

Industrial leader Petrofina shed BFr 10 to BFr 7,910 while Delhaize secured a BFr 90 rise to BFr 4,900. Weakness was evident in Sofina which finished BFr 100 off at BFr 6,350.

Slow trading in Paris saw isolated gains with bank, food, hotel, electrical and chemical shares benefiting from the session, while building and carmaker stocks finished lower.

Bongrain scored one of the largest gains of the day with a FFr 73 advance to FFr 1,840 while BSN Gervais moved FFr 29 up to FFr 2,740.

The sharply higher dollar and last Friday's lower trend on Wall Street induced caution in Zurich with domestic shares closing steady.

Buying interest focussed on select blue chips as Nestlé rose SwFr 15 to SwFr 5,295 and Ciba Geigy found renewed support at SwFr 2,290, also SwFr 15 higher, while Swiss Re gained SwFr 75 to SwFr 8275.

TOKYO

BT sell-off fuels broker competition

THE big four Japanese securities houses - Nomura, Daiwa, Yamachi and Nikko - are eagerly awaiting selection of a Japanese adviser for the international sale of shares in the privatisation of British Telecom (BT), writes Shigeo Nishiwaki of Jiji Press.

The successful contender will receive an enviable boost in international prestige from a role in the new share issue, estimated to be worth about £4bn (\$5.88bn).

The Bill authorising the transfer of the state-run BT to private ownership passed Parliament on April 10, but the size and sales procedures for the new company's capital stock have not yet been confirmed. The British Government hopes to start privatisation before the end of the year.

According to international banking officials, 51 per cent of the total issue will be offered as early as this autumn in the UK, U.S. and Japan. Shares worth £400m, about 10 per cent of the total, are expected to be sold in Japan.

Three advisers have already been chosen - Kleinwort Benson for the Government, S.G. Warburg for BT and Morgan Stanley for the U.S. The two British advisers met representatives from the four leading Japanese securities houses yesterday. A decision on which of the four will be appointed as the Japanese adviser will be announced this month.

The four foresee no obstacles to Japanese investment in the British company, given its high international prestige and proven profitability.

Under existing rules, a foreign company applying for listing on the foreign stock exchange of the Tokyo Stock Exchange must have been in existence for five years and have demonstrated annual after-tax earnings of at least ¥2bn (\$8.8m) in the previous three years.

But the Tokyo stock exchange and the Finance Ministry are said to be willing to bend the rules for BT as authorities believe there is minimal investor risk.

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SINGAPORE

PROFIT-TAKING enlivened an otherwise dull session in Singapore yesterday as prices of most leading issues drifted lower. Falls outnumbered gains by two-to-one and turnover plunged from last Friday's level of 11.1m to 6.9m.

KEY MARKET MONITORS
Standard & Pours 500 (Composite)
Dow Jones Industrial Average
FT Industrial Ordinary Index (20-Share)
STOCK MARKET INDICES
NEW YORK
DJ Industrials 1170.75
DJ Transport 496.91
DJ Unlikes 125.00
S&P Composite 160.04
LONDON
FT Ind Ord 910.1
FT-SE 100 1138.3
FT-A All-shares 534.84
FT-A 500 593.43
FT Gold mines 676.6
FT-A Long gilt 10.34
TOKYO
Nikkei-Dow closed 10,981.6
Tokyo SE closed 861.11
AUSTRALIA
All Ord. 756.0
Metals & Mins. 536.7
AUSTRIA
Credit Aktien 55.78
BELGIUM
Belgian SE 155.73
CANADA
Toronto Composite 2323.0
Montreal Industrials 417.19
Denmark
Copenhagen SE 198.59
FRANCE
CAC Gen 178.2
Ind Tendence 113.4
WEST GERMANY
FAZ Aktien 353.65
Commerzbank 1032.1
HONG KONG
Hang Seng 37.06
ITALY
Banca Comm. 215.16
NETHERLANDS
ANP-CBS Gen closed 169.4
ANP-CBS Ind closed 127.9
NORWAY
Oslo SE 288.86
SINGAPORE
Straits Times 993.91
SOUTH AFRICA
Golds 1023.5
Industrials 1069.0
SPAIN
Madrid SE closed 116.42
SWEDEN
J & P closed 1510.15
SWITZERLAND
Swiss Bank Ind 378.0
WORLD
Capital Int'l 188.7
GOLD (per ounce)
London \$375.50
Frankfurt \$375.75
Zurich \$375.75
Paris (living) \$376.27
Luxembourg (living) \$376.00
New York (May) \$376.30

CURRENCIES
U.S. DOLLAR
(London) April 30 Previous April 29 Previous
\$ - - 1.3885 1.4015
DM 2.7185 2.706 3.805 3.795
Yen 226.85 226.65 317.5 318
FFr 8.338 8.31 11.66 11.64
SwFr 2.246 2.235 3.1425 3.135
Gold/ster 3.0625 3.049 4.265 4.275
Lira 1679 1674.5 2347.5 2346
BFR 55.4 55.09 77.5 77.2
CS 1.28475 1.2798 1.7945 1.794

INTEREST RATES
Euro-currencies (3-month offered rate)
\$ 8 1/4% 8 1/2%
SwFr 3% 3 1/2%
DM 5 1/4% 5 1/2%
FFr 12% 12 1/2%
FT London interbank fixing (offered rate)
3-month U.S. 11 1/4% 11
6-month U.S. 11% 11 1/4%
U.S. Fed Funds 10 1/2% 10 3/4%
U.S. 3-month CDs 10 65% 10.50
U.S. 3-month T-bills 9.70% 9.67

U.S. BONDS
Treasury
11% 1986 99 1/2 11.80 99 1/2 11.73
12% 1991 98 1/2 12.75 98 1/2 12.70
11 7/8 1993 94 3/4 12.82 94 1/2 12.77
12 2013 93 1/4 12.86 93 1/2 12.79
Corporate
AT & T
10% June 1990 89 1/2 12.80 90% 12.70
3% July 1990 71 1/2 10.50 70% 10.40
8% May 2000 69% 13.40 70% 13.30
Xerox
10% March 1993 86% 13.20 87% 13.10
Diamond Shamrock
10% May 1993 85% 13.40 86% 13.20
Federated Dept Stores
10% May 2013 79% 13.40 79% 13.40
Abbot Lab
11.80 Feb 2013 88% 13.35 88% 13.35
Alcoa
12% Dec 2012 89% 13.75 89% 13.75

FINANCIAL FUTURES
CHICAGO
U.S. Treasury Bonds (CBT)
8% 32nds of 100%
June 64-24 64-26 64-17 64-31
U.S. Treasury Bills (TMM)
\$1m points of 100%
June 89.93 89.95 89.88 89.98
Certificates of Deposit (CMM)
\$1m points of 100%
June 88.95 89.02 88.91 88.99
LONDON
Three-month Eurodollar
\$1m points of 100%
June 88.82 88.89 88.73 88.90
20-year National Gilt
£50,000 32nds of 100%
June 106-13 106-15 106-06 106-22

COMMODITIES
(London) April 30 Previous
Silver (spot fixing) 641.95 648.05p
Copper (cash) £1025.00 £1036.50
Coffee (May) £2113.00 £2112.50
Oil (spot Arabian light) \$28.35 \$28.35

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هكذا عندنا

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of American stock exchange closing prices, organized by stock ticker symbols (A-Z) and including columns for 12-month high/low, stock name, and price changes.

Continued on Page 36

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of New York stock exchange closing prices, organized by stock ticker symbols (A-Z) and including columns for 12-month high/low, stock name, and price changes.

Notes and footnotes regarding stock prices, dividends, and data sources.

WORLD VALUE OF THE DOLLAR every Friday in the Financial Times



WORLD STOCK MARKETS

Table of world stock markets including sections for Austria, Germany, Norway, Australia, Japan, OVER-THE-COUNTER, and LONDON. It lists various stock indices and prices with columns for date, price, and change.

Table of American stock exchange closing prices, organized by sector (A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z) and listing individual stock prices.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Table of indices including New York Jones, S&P 500, and other market indicators, with columns for date, high, low, and change.

Handwritten text at the bottom of the page, possibly a signature or note.



LONDON STOCK EXCHANGE

MARKET REPORT

Equity index attains new peak but emphasis switches to secondary issues—Gilts dull

Account Dealing Dates Option

\*First Declared Last Account Dealings Dates Dealings Day Apr 9 Apr 26 Apr 27 May 25 Apr 30 May 10 May 11 May 21 May 14 May 31 June 1 June 11

The first leg of the current two-week trading Account in equity markets began on a rather quiet note yesterday. The majority of leading shares took a back seat after the post-Easter holiday surge which took the Financial Times Industrial Ordinary share index up 25 points in only four trading sessions to a record 908.0.

Last Friday's reaction on Wall Street appeared to dampen fresh enthusiasm for blue chips, but quotations rarely strayed from previous closing levels. This was well illustrated by the FT Industrial Ordinary share index which closed at 799. Among other recently issued equities, Petrol advanced 35 more to 579p on Texas exploration hopes.

Demand for Breweries subsided but most held close to pre-weekend levels. A noteworthy exception was provided by East Anglian concern Greene King which responded to "call" option business and rose 10 to 62 1/2p, opened at 80p and closed at 79p.

Elsewhere, newspaper comment was also responsible for many of the features among sectors. Secondary Oils encountered a fair measure of speculative support on exploration hopes, while Newsagents were enlivened by the bid approach to Martin The Newsagent.

Unsettled by last Friday's announcement of fresh Government funding by way of £1bn of Treasury 9 1/2 per cent convertible tax stock and by further weakness in sterling against the U.S. dollar yesterday, gilt-edged securities ran into early selling. Most quotations closed a fraction above the worst but losses still ranged to 1/2 and occasionally more among the longer maturities. A strong market last week followed the near-doubled first-quarter profits. ICI slipped 4 to 62 1/2p in the absence of fresh demand.

Newsagents buoyant. Proceedings in Stores were dominated by Newsagents. The latter, which only last Thursday denied any knowledge of reasons to account for the recent strength of its shares, spurred 49 to 255 1/2p following a bid approach. Market sources suggest Arthur Guinness, Harris Quincey or Mr Gerald Ronson's Heron as possible suitors. John Kennedy was also actively involved in the bidding, following the proposed 100 per cent scrip issue and increased annual profits and dividend. NBS, due to announce interim results later this month, improved 10 to 82 1/2p.

Guinness Peat up again. Still drawing strength from Friday's late announcement that its Guinness/Mabon subsidiary is to acquire a 29.9 per cent stake in stockholding concern, White and Cheesman, Guinness Peat gained 4 more for a two-day rise of 8 to 85p. Elsewhere in the banking sector, features were scarce. Revised speculative buying lifted bid favourite, First National Finance Corporation 2 1/2 to 78 1/2p. A strong market last week on hopes that the Govern-

ment will soon give the go-ahead for Lloyds to launch a fullscale offer for the group, Royal Bank of Scotland succumbed yesterday to profit-taking in the absence of any such developments and closed 4 down at 242 1/2p.

Life issues provided the major movements in Insurance. Refuge jumped 20 ahead to 485p following renewed support in a thin market.

Both newcomers to the Unlisted Securities Market made successful debuts. William Morris Fine Arts, opened at 17 1/2p and touched 18p before settling at 17p compared with the placing price of 16p. Unit trust portfolio advisers Plan Invest, placed at 62 1/2p, opened at 80p and closed at 79p.

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FINANCIAL TIMES STOCK INDICES

Table with columns for Government Secs, Fixed Interest, Industrial Ord., Gold Mines, etc. and rows for April 30, April 27, April 26, April 25, April 24, April 23, year ago.

10 am 908.6, 11 am 908.2, Noon 908.4, 1 pm 907.6. Basis 100 Gdn. SE Act. 1984. Gold Mines 12.1/58. SE Act. 1984.

Latest Index 01-246 9026. \*Nil=11.72.

HIGHS AND LOWS S.E. ACTIVITY

Table with columns for Govt. Secs., Fixed Int., Ind. Ord., Gold Mines and rows for High, Low, High, Low, S.E. Activity.

Elsewhere in Stores, Jewellers returned to favour with Aegis closing 5 up at 26p in front of tomorrow's annual results.

Northern Goldsmiths' preliminary results today, added 6 to 21 1/2p. Marks and Spencer, expected to announce annual pre-tax profits of around £280m today, firmed 3 more to 26 1/2p.

Secondary issues provided the major focus points in Electricals. Demand in anticipation of today's preliminary results helped First Castle advance 13 to 135p, while CASE jumped 40 to 138p in response to Press comment. George & John, a 13p premium and moved up to 22p premium.

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at 42p. Kwik-Fit revealed a 55 per cent expansion in preliminary profits and also rose 3 to 47p. Elsewhere in Motors, Lotus provided a late feature, rising 6 to 67p in belated response to weekend comment.

Coleman Mine firmed a penny to 60p following the exchange's satisfactory annual results unchanged at 130p; CM now controls almost 25 per cent of Henlys. Dealings in Glanfield Lawrence were suspended at 54 1/2p pending reorganisation details.

Already a few pence firmer on scattered support, leading Properties were given a further modest boost. Hammerson's satisfactory annual results announced 10 to 100p per cent scrip issue. Hammerson "A" closed 10 higher at 855p. Land Securities improved 4 to 257p and HEPC added a couple of pence to 304p. Sterling Guarantee firmed 1 1/2 to 53 1/2p; the annual results are due soon. C. H. Beazer attracted fresh support and firmed 6 to 198p.

Textiles attracted steady support and closed around the day's best. Courtauld's 1983 annual results are expected later this month. Dawson, 215p, and Nottingham Manufacturing, 378p, firmed 5 and 4 respectively, while British Mohair remained in demand and advanced 7 for a two-day gain of 10 to 95p.

A bullish review of the sector by brokers De Zoete and Bevan stimulated fresh support of Textiles. Demand in anticipation of today's preliminary results helped First Castle advance 13 to 135p, while CASE jumped 40 to 138p in response to Press comment.

Elsewhere in Stores, Jewellers returned to favour with Aegis closing 5 up at 26p in front of tomorrow's annual results. Northern Goldsmiths' preliminary results today, added 6 to 21 1/2p. Marks and Spencer, expected to announce annual pre-tax profits of around £280m today, firmed 3 more to 26 1/2p.

Secondary issues provided the major focus points in Electricals. Demand in anticipation of today's preliminary results helped First Castle advance 13 to 135p, while CASE jumped 40 to 138p in response to Press comment. George & John, a 13p premium and moved up to 22p premium.

A strong market last week followed the near-doubled first-quarter profits. ICI slipped 4 to 62 1/2p in the absence of fresh demand.

Newsagents buoyant. Proceedings in Stores were dominated by Newsagents. The latter, which only last Thursday denied any knowledge of reasons to account for the recent strength of its shares, spurred 49 to 255 1/2p following a bid approach. Market sources suggest Arthur Guinness, Harris Quincey or Mr Gerald Ronson's Heron as possible suitors. John Kennedy was also actively involved in the bidding, following the proposed 100 per cent scrip issue and increased annual profits and dividend. NBS, due to announce interim results later this month, improved 10 to 82 1/2p.

following the increase in forecast petroleum products. Second-line oil showed Saxon Oil a fraction harder at a year's best of 41 1/2p reflecting Press comment, while Clyde Petroleum gave up 7 to 143p owing to profit-taking.

Gold lower. Another strong performance by the dollar prompted a \$2.5 fall to \$375.5 an ounce in the bullion price and led to a further decline in South African Gold.

The latter opened lower and continued to lose ground throughout the morning before steadying around midday owing to modest support from the Continent. However, this was short-lived and prices fell afresh to close at, or around the day's lowest levels.

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EQUITIES

Table of equity prices with columns for Issue, Price, Change, etc. Includes entries like Assoq Brit Ports, Birmingham Milling, etc.

FIXED INTEREST STOCKS

Table of fixed interest stocks with columns for Issue, Price, Change, etc. Includes entries like Border & Sthern, Brixton, etc.

"RIGHTS" OFFERS

Table of rights offers with columns for Issue, Price, Change, etc. Includes entries like A.B. Electronic, Adcom, etc.

Renunciation date usually last day for dealing free of stamp duty. Figures based on prospectus estimates. Dividend rate paid or payable on part of capital cover based on dividend on full capital. Assumed dividend and yield of 10 per cent based on previous year's earnings. C Canadian, D Dividend and yield based on prospectus or other official estimates for 1983-84. H Dividend and yield based on prospectus or other official estimates for 1984-85. I Issued by tender. J Issued by tender. K Issued by tender. L Issued by tender. M Issued by tender. N Issued by tender. O Issued by tender. P Issued by tender. Q Issued by tender. R Issued by tender. S Issued by tender. T Issued by tender. U Issued by tender. V Issued by tender. W Issued by tender. X Issued by tender. Y Issued by tender. Z Issued by tender.

OPTIONS

Table of options with columns for First, Last, Deal, Decl, etc. Includes entries like First National, etc.

NEW HIGHS AND LOWS FOR 1984

Table of new highs and lows for 1984 with columns for New Highs, New Lows, etc. Includes entries like Assoq Brit Ports, etc.

FRIDAY'S ACTIVE STOCKS

Table of Friday's active stocks with columns for Stock, Change, etc. Includes entries like Assoq Brit Ports, etc.

MONTHLY AVERAGES OF STOCK INDICES

Table of monthly averages of stock indices with columns for Index, April, March, Feb, Jan, etc. Includes entries like Financial Times, etc.

INVEST IN 50,000 BETTER TOMORROWS!

50,000 people in the United Kingdom suffer from progressively paralyzing MULTIPLE SCLEROSIS—the cause and cure of which are still unknown. HELP US BRING THEM RELIEF AND HOPE. We need your donation to enable us to continue our work for the CARE and WELFARE OF MULTIPLE SCLEROSIS sufferers and to continue our commitment to find the cause and cure of MULTIPLE SCLEROSIS through GENETIC RESEARCH.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table of FT-Actuaries Share Indices with columns for Equity Groups & Sub-sections, Mon April 30 1984, Fri April 27, etc. Includes entries like Building Goods, etc.

FIXED INTEREST

Table of fixed interest rates with columns for Price Indices, Min April 30, Day's Change, etc. Includes entries like British Government, etc.

LONDON TRADED OPTIONS

Table of London traded options with columns for Option, Calls, Puts, etc. Includes entries like B.P., etc.

RISES AND FALLS YESTERDAY

Table of rises and falls yesterday with columns for British Funds, Foreign Bonds, etc. Includes entries like British Funds, etc.





FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

Table of British Funds with columns for Name, Stock Price, and Yield. Includes sub-sections for 'Shorts (Lives up to Five Years)' and 'Five to Fifteen Years'.

Table of British Funds (continued) with columns for Name, Stock Price, and Yield. Includes sub-sections for 'Over Fifteen Years' and 'Undated'.

Table of British Funds (continued) with columns for Name, Stock Price, and Yield. Includes sub-sections for 'Index-Linked' and 'Commonwealth and African Loans'.

Table of British Funds (continued) with columns for Name, Stock Price, and Yield. Includes sub-sections for 'CORPORATION LOANS' and 'COMMONWEALTH AND AFRICAN LOANS'.

Table of British Funds (continued) with columns for Name, Stock Price, and Yield. Includes sub-sections for 'LOANS' and 'Public Board and Ind.'.

Table of British Funds (continued) with columns for Name, Stock Price, and Yield. Includes sub-sections for 'Financial' and 'FOREIGN BONDS & RAILS'.

Table of British Funds (continued) with columns for Name, Stock Price, and Yield. Includes sub-sections for 'FOREIGN BONDS & RAILS' and 'BEERS, WINES & SPIRITS'.

AMERICANS

Table of American Stocks with columns for Name, Stock Price, and Yield. Includes sub-sections for 'AMERICANS' and 'CANADIANS'.

Table of American Stocks (continued) with columns for Name, Stock Price, and Yield. Includes sub-sections for 'CANADIANS' and 'BANKS, HP & LEASING'.

Table of American Stocks (continued) with columns for Name, Stock Price, and Yield. Includes sub-sections for 'BANKS, HP & LEASING' and 'CHEMICALS, PLASTICS'.

Table of American Stocks (continued) with columns for Name, Stock Price, and Yield. Includes sub-sections for 'CHEMICALS, PLASTICS' and 'DRAPERY AND STORES'.

Table of American Stocks (continued) with columns for Name, Stock Price, and Yield. Includes sub-sections for 'DRAPERY AND STORES' and 'BEERS, WINES & SPIRITS'.

Table of American Stocks (continued) with columns for Name, Stock Price, and Yield. Includes sub-sections for 'BEERS, WINES & SPIRITS' and 'HOTELS AND CATERERS'.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads Stocks with columns for Name, Stock Price, and Yield.

Table of Building Industry, Timber and Roads Stocks (continued) with columns for Name, Stock Price, and Yield.

Table of Building Industry, Timber and Roads Stocks (continued) with columns for Name, Stock Price, and Yield.

Table of Building Industry, Timber and Roads Stocks (continued) with columns for Name, Stock Price, and Yield.

Table of Building Industry, Timber and Roads Stocks (continued) with columns for Name, Stock Price, and Yield.

Table of Building Industry, Timber and Roads Stocks (continued) with columns for Name, Stock Price, and Yield.

DRAPERY & STORES—Cont.

Table of Drapery & Stores Stocks with columns for Name, Stock Price, and Yield.

Table of Drapery & Stores Stocks (continued) with columns for Name, Stock Price, and Yield.

Table of Drapery & Stores Stocks (continued) with columns for Name, Stock Price, and Yield.

Table of Drapery & Stores Stocks (continued) with columns for Name, Stock Price, and Yield.

Table of Drapery & Stores Stocks (continued) with columns for Name, Stock Price, and Yield.

Table of Drapery & Stores Stocks (continued) with columns for Name, Stock Price, and Yield.

ENGINEERING—Continued

Table of Engineering Stocks with columns for Name, Stock Price, and Yield.

Table of Engineering Stocks (continued) with columns for Name, Stock Price, and Yield.

Table of Engineering Stocks (continued) with columns for Name, Stock Price, and Yield.

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Table of Engineering Stocks (continued) with columns for Name, Stock Price, and Yield.

Table of Engineering Stocks (continued) with columns for Name, Stock Price, and Yield.

HOTELS—Continued

Table of Hotels Stocks with columns for Name, Stock Price, and Yield.

Table of Hotels Stocks (continued) with columns for Name, Stock Price, and Yield.

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Table of Hotels Stocks (continued) with columns for Name, Stock Price, and Yield.

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INDUSTRIALS—Continued

Table of industrial stocks including companies like ICI, British Petroleum, and various engineering firms.

LEISURE—Continued

Table of leisure-related stocks such as cinema chains and holiday companies.

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Table of motor and cycle companies.

Commercial Vehicles

Table of commercial vehicle manufacturers.

Components

Table of automotive component suppliers.

Garages and Distributors

Table of garage and distributor networks.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing companies.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising firms.

INSURANCES

Table of insurance companies.

LEISURE

Table of leisure and entertainment stocks.

PROPERTY—Continued

Table of property and real estate related stocks.

SHIPPING

Table of shipping and maritime companies.

SHOES AND LEATHER

Table of shoe and leather goods manufacturers.

SOUTH AFRICANS

Table of South African stocks.

TEXTILES

Table of textile and clothing companies.

TOBACCO

Table of tobacco companies.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land-related stocks.

PROPERTY

Table of property investment trusts.

INVESTMENT TRUSTS—Cont.

Table of investment trusts.

OIL AND GAS—Continued

Table of oil and gas companies.

OVERSEAS TRADERS

Table of overseas trading companies.

PLANTATIONS

Table of plantation companies.

TEAS

Table of tea companies.

MINES

Table of mining companies.

FINANCE, LAND, etc

Table of finance, land, and other stocks.

Central Rand

Table of Central Rand mining stocks.

Eastern Rand

Table of Eastern Rand mining stocks.

Far West Rand

Table of Far West Rand mining stocks.

O.F.S.

Table of O.F.S. (Overseas Finance and Securities) stocks.

OIL AND GAS

Table of oil and gas stocks.

Diamond and Platinum

Table of diamond and platinum stocks.

NOMURA INTERNATIONAL LIMITED NEW-ERA INVESTMENT AND UNDERWRITING OFFICES WORLDWIDE

MINES—Continued

Table of mining stocks (continued).

Australians

Table of Australian stocks.

Tins

Table of tin companies.

Miscellaneous

Table of miscellaneous stocks.

NOTES

Notes regarding stock prices, dividends, and company announcements.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks.

OPTIONS—3-month call rates

Table of 3-month call option rates.

Finance

Table of finance stocks.

Central African

Table of Central African stocks.

Recent Issues and Rights

Table of recent issues and rights.

Recent Issues and Rights

Additional notes and information regarding recent issues and rights.



AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Tr. Mgrs., British Air of Unit Trusts Ltd, and others, with columns for name, date, and performance metrics.

FT UNIT TRUST INFORMATION SERVICE

Main table of unit trusts including Crown Unit Trust Services Ltd, Guinness (Joint) Unit Mngt. Ltd, and many others, with columns for name, date, and performance metrics.

Share & Procter Group, Temple Bar Unit Trust Mgrs Ltd, etc.

Table listing various unit trusts such as Temple Bar Unit Trust Mgrs Ltd, Share & Procter Group, and others, with columns for name, date, and performance metrics.

Insurances - continued

Table listing insurance companies like Albany Life Assurance Co Ltd, Commercial Union Group, and others, with columns for name, address, and contact info.

Key Fund Managers Ltd, etc.

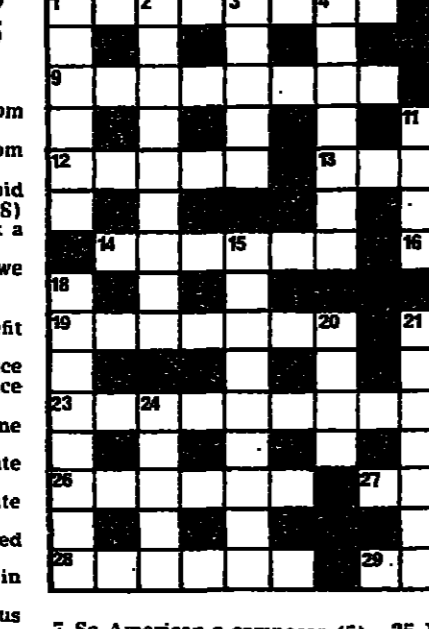
Table listing fund managers and their associated unit trusts, including Key Fund Managers Ltd, etc.

Money Market Funds

Table listing money market funds such as Mellon Fund, etc., with columns for name, date, and performance metrics.

F.T. CROSSWORD PUZZLE No. 5405

- ACROSS
1 Out to the opening ball from a spin-bowler (3-5)
5 U.S. state taking a right from another (6)
9 Publicly accuse a stupid person holding one back (8)
13 Sly junior employee (9)
14 A professional apt to benefit (6)
16 Four make an appearance in a trial of no importance (7)
19 New name given to one flower (7)
21 Scandinavian article in plate (6)
23 They enter for a private reception (9)
25 Coming back, encountered very good times (5)
26 Depression that shows in your face (8)
27 Gilding example of fabulous riches (6)
28 Put up some opposition to Sister's new order (6)
29 Saw, perhaps, but angry and pretended not to see (5-3)
DOWN
1 Gauled after a disturbance, in which one should know better (4, 3)
2 Lacking the imagination to fall in love? (5-1)
3 Plump for some drinks (5)
4 Tale a hundred tell (7)
5 A declaration of treason is (9)
7 So American a composer (5)
8 Surely and firmly, the lady ties a knot (5)
11 An entrance I'd turn in at (5)
12 Small rises that naturally precede bigger ones (9)
17 It's not easy for him to get off at night (9)
18 Clear and complicated dates listed (8)
20 Bird from another nest (4)
21 A spider possibly saved Bruce from it (7)
22 Bill of fare? (6)
24 They're inclined to be dishonest schemes (5)



Solution to Puzzle No. 5404

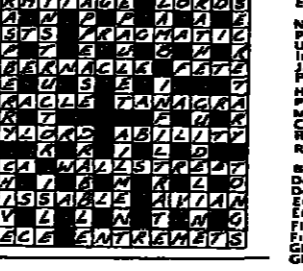


Table listing various financial entities and their details, including names, addresses, and contact information.

Money Market Funds

Table listing money market funds such as Mellon Fund, etc., with columns for name, date, and performance metrics.

Money Market Fund Accounts

Table listing money market fund accounts such as Atkin Home, etc., with columns for name, date, and performance metrics.

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INSURANCE & OVERSEAS MANAGED FUNDS

Table listing various insurance and managed funds, including Black Horse Life Ass. Co. Ltd., British National Life Assurance Co. Ltd., and others, with columns for fund names and values.

Table listing insurance and managed funds, including Property Growth Assur. Co. Ltd., Standard Life Assurance Company, and others, with columns for fund names and values.

Table listing insurance and managed funds, including Bank of America International S.A., Barclay's Overseas International, and others, with columns for fund names and values.

Table listing insurance and managed funds, including Hambro Pacific Fund Mgmt. Ltd., Royal Bank of Canada Funds, and others, with columns for fund names and values.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas managed funds, including Adiff Investment, Alliance Fund Management Limited, and others, with columns for fund names and values.

Prize as a result of... (Small text block at the bottom right of the page, likely a notice or advertisement.)



COMMODITIES AND AGRICULTURE

U.S. expects spending on farm inputs to increase

By Nancy Dunne in Washington

A PROJECTED rise in U.S. farm income of \$9bn to \$16bn (\$11.4bn) and increased grain production this year are expected to boost spending on agriculture inputs by 13 per cent in 1984, according to the Department of Agriculture.

A five-year slide in purchases of large farm machinery may be bottoming out, just as price increases are moderating, the department says. Sales, which were flat last year, are expected to increase by 11 per cent for all farm machinery to \$13.9bn.

Farmers are expected to spend \$42.2bn for machinery and equipment, agricultural chemicals and energy in 1984. Pesticide use is forecast to expand significantly as farmers return 30m to 35m acres to production, which have been left fallow on the payment-in-kind programme.

Total fertilizer use on field crops is expected to climb by 17 per cent this year. Agricultural energy demand is projected to rise 10 per cent in 1984 as fuel needs expand with the increased crop acreage. Energy expenditure is likely to rise to \$8.4bn from \$7.7bn in 1983.

Chinese meat output advances

CHINESE production of pork, beef and mutton reached 14m tonnes in 1983, up 3.8 per cent on the previous year, the State Statistical Bureau said in its annual report.

Pork meat reached 13.2m tonnes, up 3.5 per cent, while beef production rose 18.6 per cent to 315,000 tonnes and mutton 4 per cent to 545,000 tonnes, it said. The report said 206.6m hogs were slaughtered last year, up 3 per cent. The live pig population fell 0.7 per cent to 298.54m.

Fall in copper price continues

By JOHN EDWARDS, COMMODITIES EDITOR

SPECULATIVE selling put copper under renewed pressure on the London Metal Exchange yesterday. The cash price for higher grade copper closed £11.5 down at £1,025 a tonne in spite of the weakness of sterling against the dollar, which would normally boost London values.

Traders said the market, which lost over £84 last week, continued to be depressed by stop-loss selling by speculators, and the earlier trend in gold. There was also some disinterest of copper dropped last week by only 7.325 tonnes reducing total holdings to 279,875 tonnes. Some traders had been forecasting a stocks fall between 20,000 to 30,000 tonnes, after the previous week's small decline.

Nevertheless stocks have now fallen for 12 weeks and are at the lowest level since August last year. Another hefty decline in warehouse stocks, down by 9,450 to 108,475 tonnes, also failed to stop lead prices sliding down.

UK beef subsidies to be clawed back on exports

By RICHARD MOONEY

SUBSIDIES PAID to British beef producers will be "clawed back" on export sales from May 21.

The clawback is intended to ensure that British beef is not able to compete unfairly on overseas markets because of the variable premium payment, which is not available to other EEC producers. The premium takes the form of a deficiency payment making up the market price to a guaranteed level.

As part of this year's price settlement the EEC Commission proposed that the system should be abandoned. This was resisted by Mr Michael Jopling, the UK Agriculture Minister, but he had to accept a 20 per cent cut in the maximum premium and a clawback on export sales.

Details of how the new system will work were agreed at a meeting of the EEC's beef management committee at the end of last month. Apart from setting the date for the start of the clawback arrangement the committee agreed that export sales covered by pre-fixation certificates would be exempt until July 1.

Brazil plans further rise in orange juice price

By Our Commodities Staff

BRAZIL IS planning a further increase in its minimum export price for frozen orange juice, an official in the foreign trade department of the Banco do Brasil said yesterday.

He said the rise had been approved by Sr Carlos Viacava, president of the department, after negotiations with the country's fruit juice industry. The minimum export price stands at U.S.\$1,450 (£1,034) a tonne, having been raised from \$1,100 earlier this year following the U.S. freeze which sharply reduced world supplies.

TEA prices rose yesterday at the London weekly auctions. Values showed small gains for the second week in succession reflecting improved demand. Indicative price for quality tea rose by 2p to 292p a kilo; medium by 4p to 286p; and low medium by 6p to 230p.

INTERNATIONAL Pepper Community, representing the main pepper producing countries, has set a minimum export price from 65 to 90 cents a lb. The export price, which is based on black pepper cost and freight New York, was introduced last August. It sets a world shortage of pepper forced prices well over 50 cents a lb.

IVORY COAST has indicated its willingness to join a new agreement to Mr John Ndeguere, Ghanaian Agriculture Minister. He said that the Ivory Coast, which refused to participate in the existing pact, would join a new agreement if consumers showed understanding of their problems.

JAKARTA Commodity Exchange start has been delayed due to technical problems, Paim Naingolan, exchange chairman, told Reuters in Indonesia.

Anthony Moreton finds optimism on the sheep farms Australian wool growers fight back

AFTER FOUR years of the worst drought that most Australians can remember the country's wool growers — who have seen their flocks fall in size to the lowest level since the mid 1950s — could be excused for taking a gloomy view of the future.

In fact, they are remarkably optimistic. The drought was followed by a wet summer, which has just ended, and the decline in numbers has been reversed. If the big promotional effort now being mounted to sell more wool in the U.S. succeeds, the future will be assured.

However an assured future is not necessarily a rosy one. Mr Michael Davidson, president of the National Farmers' Federation, who runs a mixed farm at New South Wales, warns: "There is a lot more confidence now than 10 years ago, when a lot of people had lost confidence in sheep."

But there is not a sufficient rate of return and so the current situation is not entirely satisfactory. Similar cautious optimism is expressed by Mr David Asmus, chairman of the Australian Wool Corporation, who has a farm at Wagga Wagga. "There is a new feeling of optimism about after the drought. Better sheep producing more sheep and prices are firm."

"But the future depends on selling wool. We have launched a major promotion in the U.S. putting a lot of money behind it. If we are to succeed then we have to keep our costs down."

The caution expressed by these two leaders of the industry stems from the buffering the sheep growers have had over the past decade. There was a time when wool growers not only Australian farmers but also Australian export earnings; no longer is this true. It now only contributes 10 per cent to export earnings compared with 50 per cent in the 1950s. Between 1950 and 1970 the sheep population rose from 113m to a record 180m.

The 1970s were, however, a traumatic time for the wool grower and wheat, and the recession played havoc with the wool growers and the sheep population declined to a low of 131.4m in 1978. The result was that, faced with severe strains on their resources, many farmers diversified.

Thirty years ago we were 80 per cent sheep. Now half my estate is given over to grain, 5 per cent to beef and the rest to sheep. Many others have moved strongly to grain and it is unusual now to find a sheep-only farm."

However Australian farmers are nothing if not adaptable and when the bottom fell out of the beef market they moved back to wool.

Mr Asmus now says that sheep numbers are off the bottom—137m this year—and I hope we might build up to 145m or 150m over the next five or six years. But we must not shoot up too rapidly. Too many sheep would give us too much wool. Too much wool would put enormous pressure on the market support fund, which exists to give the farmer some guarantee over prices.

Each farmer pays a statutory levy of 5 per cent towards the fund—together with another 2 1/2 per cent towards promotion and half a per cent towards research. The fund supports a reserve price scheme under which the Australian Wool Corporation guarantees to buy all the wool that comes to the market at a pre-stated minimum price.

In the past year, because of the depth of the recession in northern hemisphere, the AWC has been a heavy buyer of wool at the reserve floor price and its stockpile is very high. If the sheep population rises, quickly, the economic conditions do not change materially, the stockpile will grow and the AWC's finances—met by the farmers—will be dangerously stretched.

This is why the U.S. promotion, being handled by the International Wool Secretariat, is so important.

The U.S. is not traditionally a big buyer of wool, but attitudes are changing, according to Mr Ernest Barr, an AWC board member. "There has been a swing back to wool and people like Burlington and Stevens are investing heavily in new machinery, putting as much as \$400m."

The danger at the moment is that any policy to sell more wool could be undermined by the strength of the Australian dollar which compared with a basket of currencies representing the main wool-buying countries, has appreciated by some 15 per cent since the middle of last year.

There is, though, great concern in the Melbourne headquarters of the AWC. Mr Asmus says: "We refuse to accept that wool is a raw material. It is an industrial commodity, with many end uses."

Australia may no longer ride on the sheep's back, but wool is still the second most important foreign exchange earner (after coal) and the wool growers intend to keep it that way.

Rubber consumption advances 4.6%

BY OUR COMMODITIES STAFF

WORLD RUBBER consumption rose by 4.8 per cent last year to 12.13m tonnes, according to figures published at the International Rubber Study Group show. The sharpest rise was for natural rubber with usage increasing 8.1 per cent to 3.95m tonnes. Synthetic rubber consumption was up 3 per cent to 8.18m tonnes. The biggest rises in consumption were registered in Japan and the U.S.—up 9.8 per cent respectively.

Wong Sulong from Kuala Lumpur.

A group of 25 leading Japanese rubber dealers who met Datuk Paul Leong, the Primary Industries Minister, here yesterday, said this would enable greater Japanese participation on the KLCE since RSS No 3 was being graded for export to the Tokyo market. At present only RSS No 1 is being traded on the KLCE

Sharp decline in potato sales

THE SHORTAGE of potato supplies caused by last season's adverse growing conditions brought a sharp downturn in sales for human consumption last month.

Preliminary figures published by the Potato Marketing Board put movement into human consumption during March at 489,000 tonnes, down from 534,000 in the same month last year.

PRICE CHANGES

Table with columns: In tonnes unless stated otherwise, Apr. 30 1984, + or -, Month ago. Rows include Metals (Aluminium, Copper, Lead, Zinc, Tin), Tin cash, Wolfram, Zinc, and Producers.

BRITISH COMMODITY PRICES

Table with columns: Apr. 30 1984, + or -, Month ago. Rows include BASE-METALS (Copper, Lead, Zinc, Tin), COPPER, SILVER, COCOA, TIN, LEAD, ZINC, and ALUMINIUM.

AMERICAN MARKETS

Table with columns: Apr. 30, 1984, + or -, Month ago. Rows include WOLY FUTURES (Wool, Greasy Wool, Cross-Breeds), COTTON, POTATOES, RUBBER, MEAT/FISH, SOYBEAN MEAL, SUGAR, GRAINS, and WHEAT.

LONDON OIL

Table with columns: Latest, Change. Rows include Premium gasoline, Gas Oil, Heavy fuel oil, and CRUDE OIL (FOB per barrel).

SPOT PRICES

Table with columns: \$/U.S. per tonne. Rows include Arabican Light, Iranian Light, Arab Heavy, North Sea, and African.

INDICES

Table with columns: Apr. 27, 1984, + or -, Month ago. Rows include FINANCIAL TIMES, DOW JONES, and MEAT/FISH.

GOLD MARKETS

Gold fell 32 1/2 ounces from Friday's close in the London market yesterday, the metal finished at \$374-3/8 and traded between a high of \$374-3/4 and a low of \$374-1/4. The dollar's firmer trend contributed to the softer tone after the opening of U.S. centres.

LONDON DOLLAR

Table with columns: Month, + or -, Business Done. Rows include Gold Bullion, Gold Bullion (fine ounce), Opening, Morning fixing, Afternoon fixing, and Gold and Platinum Coins.

EUROPEAN MARKETS

Table with columns: Paris, Apr. 27, + or -, Month ago. Rows include Sugar, Wheat, and Flour.

PLATINUM PRICE RISE FORECAST

ANDERSON MAN, the commodity and metal broker, said it expects higher platinum group prices in the next three months and an increase in their premium over gold.

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CURRENCIES; MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar continues to improve

Trade figures were the main talking points on the foreign exchange market yesterday. Both the U.S. and U.K. figures were regarded as disappointing, but not altogether surprising, and had no lasting impact.

but only rose to 226.85 from 226.65 against the otherwise firm Japanese yen. On Bank of England figures the dollar's index rose to 129.7 from 128.9.

STERLING - Trading range against the dollar in 1984 is 1.2494 to 1.2555. March average deficit of \$10.6bn in March exchanged through at 78.7, compared with \$2.7 six months ago.

FINANCIAL FUTURES

Eurodollars ease

Euro-dollar prices were easier in the London International Financial Futures Exchange yesterday. Prices were a little easier at the start in comparison with London's closing levels on Friday, in line with a softer trend in Chicago.

Gold prices were marked down at the opening on a weaker pound and a softer cash market. Early selling soon dried up however and there appeared to be little incentive to push prices much lower.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, ECU amount, % change from central rate, % change from previous day, % change from 1983 level.

THE POUND SPOT AND FORWARD

Table with columns: Day's market, Close, One month, Three months, % change from previous day.

THE DOLLAR SPOT AND FORWARD

Table with columns: Day's market, Close, One month, Three months, % change from previous day.

CURRENCY MOVEMENTS

Table with columns: Country, Bank of England, Morgan Guaranty, % change from previous day.

CURRENCY RATES

Table with columns: Country, Bank of England, Morgan Guaranty, % change from previous day.

EXCHANGE CROSS RATES

Table with columns: Country, Pound Sterling, U.S. Dollar, Deutsche Mark, Japanese Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canada Dollar, Belgian Franc.

OTHER CURRENCIES

Table with columns: Country, Note Rates, % change from previous day.

EURO-CURRENCY INTEREST RATES

Table with columns: Term, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, D-Mark, French Franc, Italian Lira, Belgian Franc, Yen, Danish Kroner.

MONEY RATES

Table with columns: Term, Frankfurt, Paris, Zurich, Amsterdam, Tokyo, Milan, Brussels, Dublin.

LONDON MONEY RATES

Table with columns: Term, Sterling Certificate of Deposit, Interbank, Local Authority Deposits, Company Deposits, Market Deposits, Treasury (Buy), Treasury (Sell), Eligible Bank, Eligible Bank, Fine Trade (Buy).

DISCOUNT HOUSES DEPOSIT AND BILL RATES

Table with columns: Term, Sterling Certificate of Deposit, Interbank, Local Authority Deposits, Company Deposits, Market Deposits, Treasury (Buy), Treasury (Sell), Eligible Bank, Eligible Bank, Fine Trade (Buy).

MONEY RATES

Table with columns: Term, Prime rate, Fed funds, Fed funds at intervention, Treasury Bills, Treasury Bonds.

FT LONDON INTERBANK FIXING

Table with columns: Term, Bid, Offer.

DISCOUNT HOUSES DEPOSIT AND BILL RATES

Table with columns: Term, Bid, Offer.

MONEY RATES

Table with columns: Term, Bid, Offer.

MONEY RATES

Table with columns: Term, Bid, Offer.

MONEY RATES

Table with columns: Term, Bid, Offer.

MONEY RATES

Table with columns: Term, Bid, Offer.

YOUR COMPANY IMAGE

Advertisement for promotional gifts including key rings, cuff links, paperweights, and enamel badges. Includes contact information for Manhattan-Windsor.

FINANCIAL FUTURES

Advertisement for GNI (Global News International) offering current briefings and monthly briefings on financial futures markets.

WORLD VALUE OF THE POUND

Large table showing the world value of the pound in sterling for various countries, including Afghanistan, Algeria, Andorra, Angola, Argentina, Australia, Austria, Bahamas, Bahrain, Bangladesh, Barbados, Belgium, Belize, Bermuda, Bhutan, Bolivia, Botswana, Brazil, Brunei, Bulgaria, Burma, Cambodia, Cameroon, Canada, Cayman Islands, Ceylon, Chile, China, Colombia, Comoros, Congo, Costa Rica, Cuba, Cyprus, Czechoslovakia, Denmark, Djibouti, Dominica, Dominican Republic, Ecuador, Egypt, Equatorial Guinea, Ethiopia, Falkland Islands, Fiji, Finland, France, Germany, Greece, Grenada, Guatemala, Guinea, Guyana, Haiti, Honduras, Hong Kong, Hungary, Iceland, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Ivory Coast, Jamaica, Jordan, Kampuchea, Kenya, Korea, Kuwait, Laos, Lebanon, Lesotho, Liberia, Libya, Luxembourg, Macao, Madagascar, Malawi, Malaysia, Maldives, Mali, Malta, Mauritania, Mauritius, Mexico, Micronesia, Monaco, Mongolia, Morocco, Mozambique, Myanmar, Namibia, Nauru, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Pitcairn Islands, Poland, Portugal, Puerto Rico, Qatar, Romania, Rwanda, Saudi Arabia, Senegal, Seychelles, Sierra Leone, Singapore, Solomon Islands, Somalia, South Africa, South Korea, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Taiwan, Tanzania, Thailand, Timor-Leste, Trinidad and Tobago, Tunisia, Turkey, Uganda, United Kingdom, United States, Uruguay, Venezuela, Vietnam, West Bank, Western Samoa, Yemen, Yugoslavia, Zambia, Zimbabwe.



INTERNATIONAL CAPITAL MARKETS

Novel £50m bond for Trinidad

BY MARY ANN SIEGHART IN LONDON

TRINIDAD and Tobago issued a novel £50m bulldog bond yesterday through Morgan Grenfell and J. Henry Schroder Wagg. It has a final maturity of 25 years, but investors can redeem their bonds every five years.

The issue will pay a margin of 1.85 per cent over the yield on the UK Government stock of 2004/8, but the price at which the first redemption (in 1989) is made will be set to give a yield of 1.40 per cent over the government 10 per cent stock of 1989.

At the moment, these two formulae would give roughly the same yield (around 12.4 per cent), but the

BHF Bank bond average table with columns for Age, High, and Low for 1980 and 1984.

The only new issue in the dollar sector of the Eurobond market was a \$85m discount bond for Primary Industry Bank of Australia. Led by Paribas and Orion Royal Bank, it has a 9 per cent coupon at a price of 82 1/2 per cent to yield 12.855 per cent to maturity.

by up to 1/4 point, with the worst falls being seen in dollar bonds. In Germany, SKF, the Swedish ballbearing company, is raising DM 100m through a five-year bond paying a coupon of 7 1/2 per cent at par.

Agent named for Telefonica sterling credit

By Margaret Hughes in London

TELEFONICA, the Spanish telephone company in which the Government has a 46 per cent stake, has awarded the mandate for £60-£70m sterling credit which it is raising on the syndicated loan market to International Westminster Bank (IWB).

IWB will be acting as agent bank for the credit but Telefonica will be selecting a lead management group of about ten banks. The margin will be 1/2 per cent over Eurodollar rates during the first two years rising to 3/4 per cent for the last eight.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for April 30.

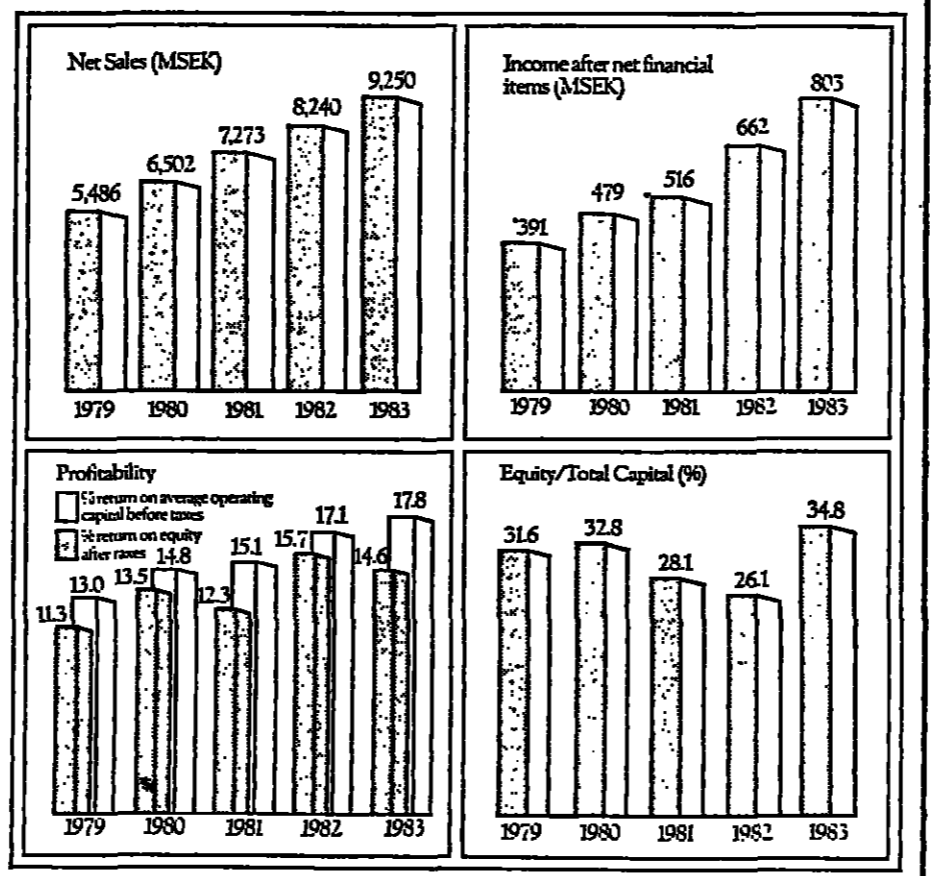
Large table of international bond issues with columns for Country, Issue, Maturity, Yield, and Price.

OVER-THE-COUNTER Nasdaq national market, 3pm prices

Table of Nasdaq national market prices for various stocks, including columns for Stock, Sales, High, Low, Last, and Change.

Alfa-Laval 1983. A strong start to a second century. Large graphic advertisement with headline and introductory text.

Concluding his report on our centenary year of 1983, Alfa-Laval's Managing Director, Harry Faulkner, said "...income in 1983 will be well in line with that recorded in 1982". The results for 1983 show this to have been a conservative forecast.



ALFA-LAVAL Creating new markets from great ideas. Europe - Americas - Middle East - Africa - Asia - Australasia.

The Growing World of Alfa-Laval. Alfa-Laval employs 16,000 people in 35 countries and its annual turnover of US\$1,200 million (a 19% increase over 1982) represents 11 consecutive years of growth.

Contact form for Alfa-Laval Public Affairs Group Staff, including fields for Name, Position, Company, and Address.

Table of convertible bonds with columns for Issue, Maturity, Yield, and Price.

Yield to maturity. The yield to redemption of the bond price, the amount invested in millions of currency units except for US dollars where it is in millions. Change on week - Change on price a week earlier.

BT Bulk Transport Limited. U.S. \$21.25 million. Placing of Ordinary shares and Warrants. Arranged by Singer & Friedlander Limited.